

# *The* **NATIONAL UNDERWRITER**

## **DISASTER REVEALS**

## **MANY HOMES**

## **UNDER-INSURED**

Fires and explosions which recently damaged 45 residences in a Rochester, New York residential suburb, revealed that widespread under-insurance prevails even at this late date.

Nearly all 45 dwellings were found to be insured for but 50% of their real value. Several homes, actually worth \$25,000 to \$29,000, were found to be insured for only \$4,000 to \$6,000 each.

It can readily be seen that there's still a considerable job for the conscientious local agent to do to make certain that his own policyholders are adequately insured in line with today's high values.

To assist our Agents in spreading this "home-ly" gospel, our Advertising Department offers attractive advertising literature covering various phases of the dangerous under-insurance situation. Samples furnished on request, gladly.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY LIMITED  
THE PENNSYLVANIA FIRE INSURANCE COMPANY  
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK  
THE MERCANTILE INSURANCE COMPANY OF AMERICA  
THE HOMELAND INSURANCE COMPANY OF AMERICA

150 WILLIAM STREET, NEW YORK 38, N. Y.

New York  
Detroit

Philadelphia  
Chicago

San Francisco  
Boston

**H & A UNDERWRITERS CONFERENCE MEETING**

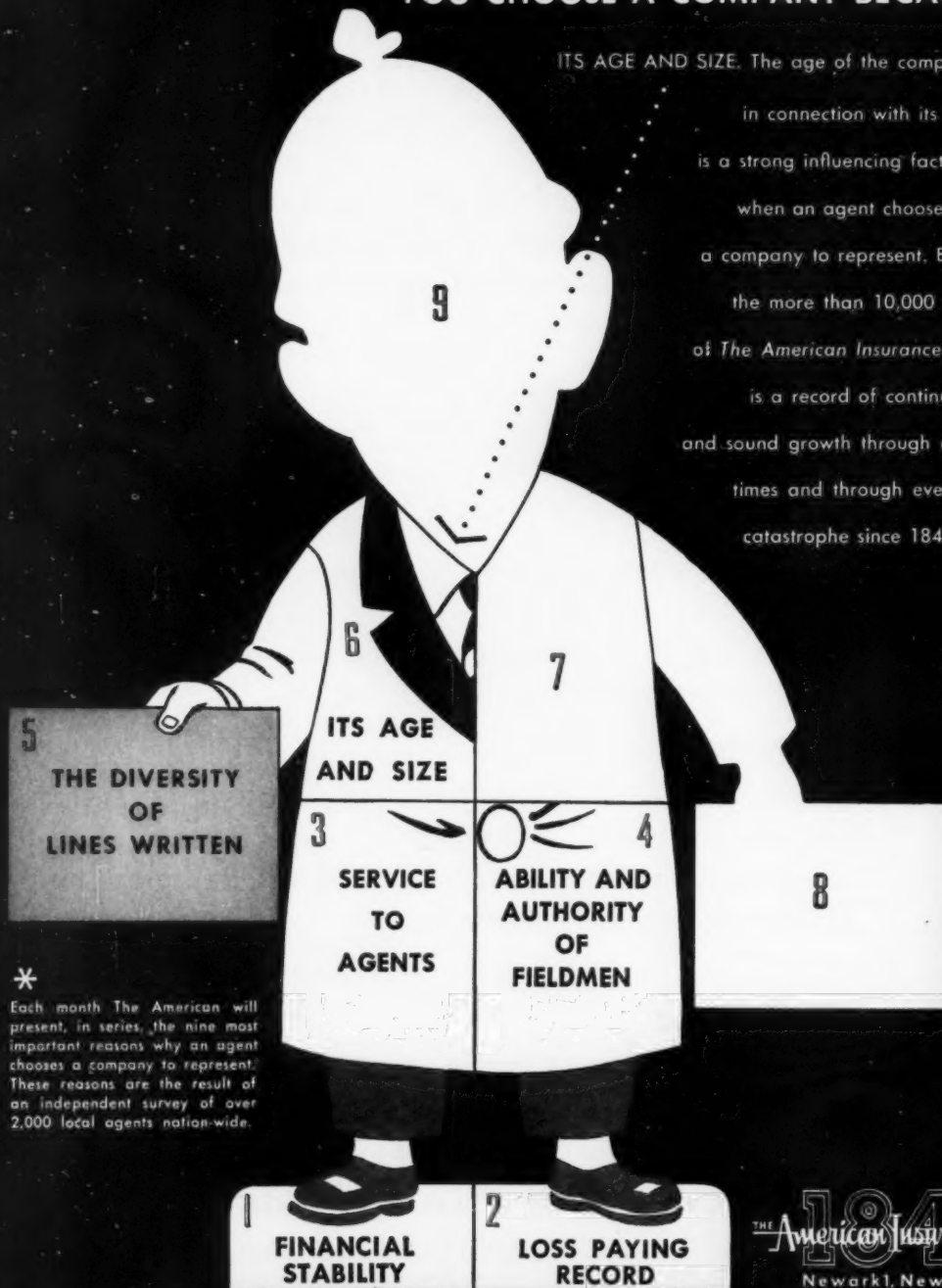
**THURSDAY, JUNE 5, 1952**

you agents say...



YOU CHOOSE A COMPANY BECAUSE OF\*

ITS AGE AND SIZE. The age of the company in connection with its growth is a strong influencing factor when an agent chooses a company to represent. Behind the more than 10,000 agents of *The American Insurance Group* is a record of continuous and sound growth through normal times and through every catastrophe since 1846.



\* Each month *The American* will present, in series, the nine most important reasons why an agent chooses a company to represent. These reasons are the result of an independent survey of over 2,000 local agents nation-wide.

**1846**  
The American Insurance Group  
Newark, New Jersey

THE AMERICAN INSURANCE COMPANY • BANKERS INDEMNITY INSURANCE COMPANY • THE JERSEY FIRE UNDERWRITERS

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## Fla. Agents Would Vest Agency Licensing in 6-Man Board

**Marvin Adams Is Elected President at Miami Annual Meet**

By JEANNE WELLENKAMP

MIAMI—A proposed agents' qualification law that would transfer the power of licensing from the commissioner to a six-man board of examiners was unanimously approved at the annual convention here of Florida Assn. of Insurance Agents. Marvin D. Adams of the Stembler, Adams, Frazier agency here was elected president. He will take over his new duties from Glen Evins, Tampa, Sept. 1.

Sidney A. Singleton, Orlando, was chosen 1st vice-president; R. S. McKay,



Glen Evins



M. D. Adams

Tampa, 2nd vice-president, and L. P. McCord, Jacksonville, state national director. New directors are Broward Poppell, Fort Pierce; George Bowler, West Palm Beach; and Charles R. Walpole, Sarasota.

After the business session, 250 members and guests went aboard the SS Florida for a two-day visit to Havana.

The commissioner would be an ex-officio member of the board, with voting power. The other members would be selected from the business. Not applicable to life or A. & H. agents, the law would require a comprehensive written application; standards of education and experience; residence in the state for one year, with presence in Florida for at least six months of each year; citizenship and a minimum age of 21 years. The applying agent also would have to be vouched for by three licensed agents or three residents of his county. Slightly lower standards would be required of solicitors. It will be submitted to the 1953 legislature.

"Because we consider the setting up of an examining board of paramount importance, we are willing to make concessions to help get this law passed," Mr. Adams, chairman of the legislative committee, stated. "We don't intend to ask the legislature to strengthen the anti-coercion law or eliminate the self-insurance of the automobile dealers at this time, although these, too, are important problems."

Mr. Adams said that in the past the business has been inclined to wait until the legislature goes into session to get active, and that consequently it is put on the defensive. "This time," he advised, "we should make a good offense our chief defense."

Mr. Evins outlined various difficulties

## Regulation vs. Judgment in Underwriting

There seems to be a feeling among American placers of insurance and reinsurance in London that if the risk is put into the hands of a reliable broker there, there need be no worry about it, Ben D. Cooke, managing director of Agency Managers, Ltd., casualty reinsurance underwriting service in New York, told the Reins Club there. Mr. Cooke is chairman of B. D. Cooke

Ben D. Cooke

& Partners, Ltd., in London, the non-marine underwriting managers of Dominion, London, Edinburgh and Anglo-Saxon insurance companies.

This feeling is gratifying to the London market, of course, Mr. Cooke said, but he believes that business men should know something about what happens to their risks in London after they hand them over to the broker, how the underwriter decides for or against accepting a particular risk and how he makes up his mind about what rate to charge. If American insurance men know more of what is done in the London market, they can handle the problems with which they are confronted more assuredly.

### Self-Regulation

He noted that in England the insurance business seems to have less regulations from year to year, rather than more, as in the U. S. However, there are rules and regulations, largely set by self-regulation rather than governmental control.

In England, the Latin phrase "uberima fides" is as familiar to any insurance man as his hat. It is the key to all insurance thinking in that country. It is the one thing that is constantly impressed on a student in a school of insurance, whether he is in the business five years or 50. It means "the utmost good faith." It means the insurer is the trustee of the policyholder, that the insurer must prove to be a friend of the policyholder in time of need, and that losses must be settled quickly, generously and without quibble. Losses must be settled beyond the call of the policy. It is beyond human ingenuity to frame

(CONTINUED ON PAGE 23)

facing the business and told how the association is endeavoring to cope with them. He suggested that the best answer to the self-insurance pool of Florida automobile dealers is for agents to visit friendly dealers and explain what the real situation is. "I can't understand why the insurance department isn't equipped to handle this situation," he said. "The pools should be subject to exactly the same controls and regulations as the companies."

Jess Turner, president of Greater Miami Insurance Board, chairman of the association's loss committee, displayed the catastrophe book just issued by the committee on adjustments of the National Board. This book is largely based on the Miami plan developed by Mr. Turner after the hurricane of 1945.

Tom C. Johnson, executive secretary, reported high attendance at state district meetings with an average of over 100 agents at each meeting as against a nation-wide average of about 35 for similar meetings.

## Vitt Reelected as S.E.U.A. President, H. F. Hines Is V.P.

Bruno C. Vitt, president of American Eastern Underwriters Assn. at its annual meeting at Hot Springs, Va. The new vice-president is H. Faison Hines of Hines Brothers at Atlanta, southern managers of Crum & Forster. W. W. Sampson continues as manager.



H. F. Hines



W. W. Sampson

Mr. Hines entered insurance in 1905 at Corsicana, Tex., and had wide experience in local and general agencies in Texas until 1917, when he entered the army. After the war he joined Crum & Forster as a special agent in Texas and later was advanced to state agent.

In 1921 he and his brother, J. Harrison Hines, as joint managers established the Texas department of Crum & Forster, and in 1923 established the southern department, managing the companies in the states from Georgia through Texas. He is a director of the Southern Fire.

## May Liberalize Marine War Risk Program

WASHINGTON—The government marine war risk program will be liberalized, officials expect, as result of letter from Comptroller General Warren which answers seven questions. Receipt of this ruling is expected to be followed before long by formal inauguration of the program through issuance of binders and regulations and approval of policies. It has been approximately a year since the program was authorized by Congress as an "emergency matter."

Most essential points in Warren's letter, officials say are:

Payment of claims for partial loss and total loss will be limited to figures which the comptroller general rules represent just compensation.

But in connection with claims to be paid others because of collision, for example, just compensation will be limited by the amount which the owner of the other ship asks for.

Each accident will be handled separately, instead of totaling a number of small accidents or casualties which might exceed "just compensation," thus forcing scaling down of indemnity. Just compensation may be payable for each item.

## Hail Business Coming In

MINNEAPOLIS—Hail business is coming in in normal volume for this time of year, with crop prospects generally favorable throughout this section, which should mean at least a normal hail volume in Minnesota, North and South Dakota. Crops were planted earlier than normal and with favorable growing weather in June farmers will be inclined to take out hail protection in large volume this month.

## Ask Commission Data for Chicago at No. Am. Hearing

**Call Hearing June 16 on Cook County Deviation for '52-'53**

The North America fire rate deviation issue in Chicago and Cook county erupted again Monday when the individual company men were subpoenaed by Insurance Director Day of Illinois to appear at a hearing at Springfield June 16 and to bring along their Cook county premium figures on the 10 classes on which North America deviates; also the record of commission payments and other payments of any nature that are concerned with production of such business, and copies of commission contracts other than contingents. The assumption is that Mr. Day is subpoenaing such records at the request of North America.

The next annual anniversary of North America's deviation authority is Sept. 11, but North America has applied well ahead of time for renewal of such authority. The June 16 hearing is in connection with that application.

North America originally had a deviation of 15% on some classes and 10% on the others in Chicago and Cook county, these being based on a loss ratio advantage. Then in December, 1950, Cook County Inspection Bureau made an extensive fire insurance rate reduction. At that time North America on being requested to rejustify its deviation, asked for 10% differential and based this on a saving in the expense element. The bureau opposed this but Insurance Director Day ruled in favor of North America. The issue was then taken to court and the circuit court gave a decision in favor of North America and Mr. Day. The matter was appealed to the Illinois appellate court and there it is still resting with little likelihood of any decision being rendered before this fall.

What North America aims to do, it is assumed, is to establish that there is a going rate of commission in Chicago and that this is higher by at least 10% than what North America pays.

## Insurance at a Discount Attempt Fails in Cal.

LOS ANGELES—The California department has denied an agent's license to California Professional Service Assn., which had proposed providing for certain professional classes various commodities and services, insurance among them, at a 15% discount.

The association's application for license was denied because the code requires that all members of an association be licensed.

## Lenke Views New Forms

CINCINNATI—A. J. Lenke, who is a member of the bureau liaison committee of Ohio Assn. of Insurance Agents, will lead a panel discussion on the new improvements and betterments clause at the meeting of Cincinnati Fire Underwriters Assn. June 12. The new automobile insurance laws in New York and New Jersey will also be discussed. This will be the last regular scheduled meeting of the Cincinnati board until fall.

## Liberty Mutual Must File M. L. Plan Through Bureau

RALEIGH, N. C.—Commissioner Cheek has advised Liberty Mutual Fire to file its rating plan for multiple location risks as a separate plan through North Carolina Fire Insurance Rating Bureau. Representatives of the company indicated they would follow that course. This action was taken after a public hearing at which the company sought to justify the plan as a deviation. The commissioner declined to view it as such.

Liberty Mutual was represented at the hearing by Patrick J. Kelly, assistant counsel; John W. Carlton and R. L. Early, actuaries. They said their plan was designed to fit into their method of operation, whereas neither of two other plans on file in this state would.

Although the company asked for approval on a deviation basis, Mr. Kelly stated at the outset the company primarily was interested in getting approval of the plan on some basis. It has been the subject of discussion in North Carolina since August, 1949.

If the plan is filed through the bureau, it will be open to all companies desiring to write it.

## Hobby of Cleveland Agent Dwarfs Insurance Business

Thomas F. Latta, owner of the Western Reserve agency of Cleveland, and a

veteran of 38 years in the insurance business, in 1947 organized a sideline business, Western Plastic & Specialty Co., that has grown to the point where it now dwarfs the insurance agency. Mr. Latta started this business as a hobby, and it now operates throughout the U. S. His eldest son, John M. Latta, is sales manager.

The senior Mr. Latta started in the insurance business in 1914 as a local agent at Cooper, Tex., and later became Texas special agent for Aetna Fire. In 1927 he was transferred to Atlanta as assistant superintendent of the southeastern farm department, and the following year he returned to Dallas as state agent of Royal-Liverpool



T. F. Latta

group. In 1931 he went to Cleveland as state agent in northeastern Ohio for Royal, and he went into the local agency business at Cleveland in 1938.

Western Plastic & Specialty Co. is an advertising specialty business.

## Flood, War Bills Languish

WASHINGTON—The outlook for war damage and flood insurance legislation at this session of Congress is extremely dim, owing to pressures for other legislation and the desire of members to get away for the political conventions.

War damage has made no progress for a long time in Senator Frear's insurance, banking and securities subcommittee of the banking committee. Frear is reported anxious to get a bill at least out of his subcommittee, for consideration by the full committee.

Banking Committee Chairman Maybank's administration flood insurance bill, introduced by request, is still pending before the full committee. It could be referred either to Frear's subcommittee or to the subcommittee on RFC, of which Senator Fulbright, Arkansas, is chairman, in view of the bill's provision for RFC participation in the flood program.

There is also before the committee Senator Carlson's bill for reinsurance of flood risks. While there was considerable support for government flood insurance, at present the pressure seems to be for flood control, rather than insurance.

## Mich. Mutual to Expand

The State Mutual Fire, a farm mutual at Flint, Mich., is preparing to extend its operations July 1 under the general mutual law. Its new status will permit writing windstorm and hail risks as well as fire, on both farm and urban properties. It also will be in a position to issue a non-assessable policy, Secretary H. K. Fisk said, and now has several times the minimum surplus required for this type of contract.

Three other mutuals organized under the farm mutual law are in process of changing to general mutuals, Michigan department officials state.

## Case Heads America Fore N.Y. Inland Marine Division

Charles L. Case is joining the inland marine department of America Fore at the home office June 15 to supervise business in the greater New York area.

From 1935 to 1941, he was special agent of Home, and later joined North British, where he remained until 1944. Since then he has been with Inland Marine Insurance Bureau.

An authority on inland marine subjects, he was lectured frequently at many New York metropolitan area colleges.

## Aetna Fire Advances Four

Ragner E. Anderson, chief accountant of the casualty department of the Aetna Fire group, has been elected assistant secretary.

L. H. Stoehrer and F. M. Jackson have been promoted from general agents to assistant managers of the fire companies at Chicago, and Frank D. Whipple, casualty field manager at Atlanta, has been transferred to Chicago as casualty manager to succeed Harold K. Kiefer, who goes to the home office as secretary of all companies of the group.

## H. Dana Ellis Retires

H. Dana Ellis, examiner in the New England department of Aetna Fire, has retired after 45 years with the organization.

He joined Aetna's stenographic department in 1907, was advanced to clerk for New England in 1914 and three years later was made examiner for that territory.

## Stock Transfer Bill Signed

WASHINGTON—The President has signed the bill to make nontaxable certain stock transfers by insurance companies to secure performance of obligations.

Hardy Wessel, who had been with North America at San Antonio as technical representative, has resigned to accept a similar position with Craven, Dargan & Co. at Houston.

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4

ways...

... yes, there are just 4 ways you can run your agency:

1. The day-to-day way.
2. The trial & error way.
3. The live-on-renewals way.
4. The right way...

... and of course the right way means affiliation with a sound, experienced Company like one of the National of Hartford Group.

Many qualified Agents have found a National affiliation pleasant, profitable and progressive. Find out more about the National of Hartford.



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## COMMERCIAL STANDARD

a Multiple Line "A" rated company  
with a MILLION DOLLAR CAPITAL  
and OVER A MILLION DOLLAR SURPLUS

Now in its Twenty-eighth year  
of PROGRESSIVE DEVELOPMENT

Offers to selected agents  
in selected territory its facilities:

AUTOMOBILE (All Coverages)  
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NO STANDARD HIGHER THAN COMMERCIAL STANDARD

## David A. Building

The David moved into building at centrally located abundance cially design



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**David Agency New in Own  
Building at Minneapolis**

The David agency of Minneapolis has moved into its own newly-constructed building at 315 East Grant street. While centrally located, the building offers an abundance of parking space and is especially designed for an insurance agency



operation. The accounting department has been separated from other activities and soundproofed. The filing department has been arranged for accessibility from all parts of the office. A kitchen and lunchroom space has been provided in the basement.

The agency was established 35 years ago and is headed by Philip M. David. Steady growth since then made necessary moves to larger quarters in 1937 and again in 1944. Mr. David is a past president of Minneapolis Insurance Club. Associated with him are Alec Dean, who was with Canada Life before joining the agency 11 years ago, and Edward Arnold, for eight years special agent of Aetna Casualty before going with the agency in 1949.

**English Officials in U. S.**

Sir Patrick Ashley-Cooper, chairman of Northern of England, and John W. Senter, vice-chairman, are in New York this week visiting the U. S. head office. They will then go to Montreal. Sir Patrick is chairman of Hudson's Bay Co.

**Hold G.A.B. Roundup**

General managers and the headquarters executives of General Adjustment Bureau are in Atlantic City this week for their annual conference.

**Would Tax Broker \$35**

The city council at Evanston, Ill., is giving consideration to a proposal for the licensing of insurance brokers with an annual fee of \$35.

**Fire Liability Cover in N. E.**

New England Fire Insurance Rating Assn. has filed in the New England states effective June 2 form and rates for the writing of fire legal liability insurance. This program was made effective previously in New York Fire Insurance Rating Organization territory and that was reported in the May 29 edition.

**Portland Blanket Club Elects**

Portland Blanket Club, young men's insurance organization, has elected Earl W. Bolliger, Weatherly agency, as pres-

ident; A. Thomas Bowen, A. P. Bowen agency, vice-president; R. G. Tomlinson, American-Associated, secretary, and John M. Ellis, Seeley & Co., treasurer. The new officers were installed at the banquet following the club's annual golf tournament.

Carl A. Werner, public relations counsel for Oregon Assn. of Insurance Agents, outlined its progress in the field of traffic accident prevention.

**Nebraska 1752 Club** will hold its summer golf party June 13 at Hillcrest Country Club, Lincoln. Dinner and entertainment will follow.

**Heath New Chief Examiner  
of Oklahoma Department**

Neal Heath, senior examiner in the Texas department, has joined the Oklahoma department as chief examiner.

A graduate of the University of Texas in 1935, Mr. Heath subsequently served as a bank examiner and as general manager of an industrial life company at Houston. He was with the Texas department for about 13 years.

**John V. Slickis** has been made claim manager at Washington of Standard

Accident. He was previously claim representative at Lakeland, Fla. William F. Heil takes the Lakeland post. He was formerly at Detroit.

**Texas Committees Named**

James L. Randel, Wichita Falls, president of Texas Assn. of Insurance Agents, has appointed these committee chairmen: Casualty and surety, Joe E. Vincent, Bryan; rates and forms, Worley Jones, Fort Worth; special committee to complete the revision of the general basis schedule, now under way, T. Champe Fitzhugh, Waco.



If held for long at the business end of Hoppy, Jr.'s cap pistol, most anyone would prefer to let the customer go first. Even so, the Ag-Empire man is used to having his hands full. You'll like, for instance, the way he's on deck and willing to help you write a complicated policy . . . call on a prospect . . . keep you up to date on rates and forms or do anything else in his power to help you close a deal. If you like helpful service geared to your point of view—

*We're easy to write to*



**AVAILABLE  
LOCAL AGENCY  
MANAGER**

This man has an outstanding personality—an excellent understanding of insurance—the ability to manage people and an excellent record managing an insurance agency. Would make an ideal manager or partner in a local agency.

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330 S. Wells Street, Chicago 6, Illinois  
HARRISON 7-9040

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*Specializing*  
IN ALL COVERAGES FOR

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**PUBLIC LIABILITY &  
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FIRE, THEFT AND COLLISION  
CARGO**

*We invite your inquiry*

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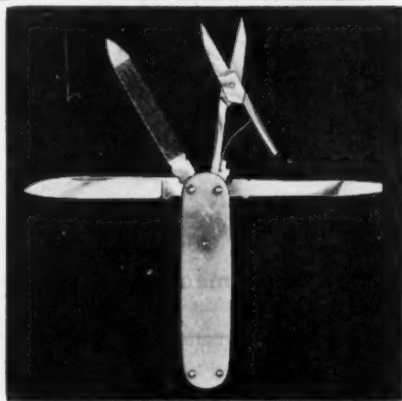


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(American-British Zone, Germany)

With Blade, Nail File, Scissors,  
Screw Driver

Highest Quality Carbon Steel  
HAND FINISHED BY OLD WORLD  
MASTER CRAFTSMEN



Actual size closed 2-11/16" Featherweight (1 3/4 oz.)

A Knife of Distinction for Men of Importance. A Gift that every man will treasure for many years. Ideal for special customers and friends as a constant reminder of your Good Will.

A most unusual value at \$2.98, in Gift Box, postpaid.

Order one for yourself today — See it — Use it. Then let us know how many you need for the "Most Important Men in Your Life".

#### GUARANTEE

We have an excellent Dun & Bradstreet rating and guarantee that you will be highly pleased with this unusual knife or your remittance immediately refunded.

Thomas F. Latta  
President

Complete order form below and mail with your letterhead

**WESTERN PLASTIC & SPECIALTY CO., INC.**  
1130 Williamson Building  
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You may send me.....Knives @ \$2.98\* ea., postpaid.  
Remittance of.....enclosed.

\*In Ohio, add 3% Sales tax.

NAME .....

Street .....Zone.....

City .....State.....

### Another Lapeer Mutual Eruption, Governor Orders Full Department Report

LANSING, MICH.—The 17-year battle over liquidation of Lapeer Farmers Mutual broke out on two fronts this week with a prospect that a new investigation may be ordered into the most controversial receivership in Michigan's history. The last of several receivers was formally discharged more than a year ago.

Gov. Williams promised some 70 former members of the Mutual and their sympathizers, who stormed an administrative board session, that he would ask Commissioner Navarre to make a full report on the situation. He said the commissioner would be asked to estimate the cost in time and money of a new accounting of the complicated receivership and attendant litigation.

The delegation nearly broke into violence at several points during the session. Earlier many of the participants fought off an eviction attempt on the farm of a Lapeer county widow. Sheriff Gregory of that county and a deputy were pummeled and rolled on the ground when they sought to serve eviction papers based on auction sale of the farm to a Lapeer woman. The sale was ordered by the Lapeer circuit court in 1948 when a lien was taken to enforce an unpaid assessment judgment of \$171.

The farm's owner, Mrs. Elizabeth Stevens, contended she never was a member of the mutual and could not be held accountable for an assessment against her husband's estate.

The case has been dragged through the courts constantly, many phases reaching the state supreme court. Attacks have been directed on supreme court justices and other members of the judiciary, together with all insurance department officials throughout the past 17 years, charging a gigantic conspiracy to defraud the former members.

### Macleod Joins American, Brower Goes to Florida

American has appointed Frank L. Macleod as special agent in northern Illinois replacing James A. Brower who, at his own request, is being transferred to Tampa to supervise a field in Florida.

Mr. Macleod is a graduate of Northwestern University, and has had 20 years of insurance experience. He has been with Hanover in the Illinois field as state agent.

### More Cleveland Reciprocals

The Ohio department has licensed two more Cleveland reciprocals: Vehicle & Insurance Exchange, Vehicle Underwriting Co. attorney-in-fact, and Midway Insurance Exchange, Midway Underwriters attorney-in-fact.

### Revamp N.H. County's Cover

Due to the work of an insurance committee headed by Kenneth Kendall, Rochester, N. H., local agent, Stafford county property is now insured for \$375,000 at a cost of about \$3,500, while in 1948, before the committee went to work, \$148,000 coverage cost \$3,385.

The committee had the policies rewritten to give more coverage for the same cost. The courthouse was insured for \$55,500 in 1950. It is now covered for \$150,000 at roughly the same cost.

### Brown Ore. Convention Chief

Marshall R. Brown of Cole, Clark & Cunningham has been appointed general chairman for the annual convention of Oregon Assn. of Insurance Agents Sept. 8-9 at Portland.

Home has presented 25-year medals and certificates to Frank G. Altman and Charles M. Singleton of the Altman-Singleton agency at Kansas City.

## WANT ADS

Rates \$13 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Monday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.  
THE NATIONAL UNDERWRITER  
FIRE & CASUALTY EDITION

### PREPARE FOR A FUTURE IN FIRE INSURANCE

National Inspection Company wants young men with some underwriting experience or good educational background for inspection work. This training offers exceptional opportunity for advancement in the insurance business. Phone Wabash 2-4174 for an appointment or call at Room 1818 — 309 W. Jackson Blvd., Chicago 6, Illinois.

#### WANTED

By a large local agency in Ohio an engineer who has had experience in utility rating and inspections. The work will be confined to metropolitan area. Very little if any traveling involved. State ago, married or single and experience. Address L-79, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

#### WANTED FIRE UNDERWRITER

Young Company, operating in eight states, both fire and casualty and expanding operations in the Midwest, wants experienced man who wishes to grow with company. Opportunity to become one of the top men. Write us for information, giving your age, education and experience. All replies treated confidential. Address L-81, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

#### OPENING

July 1 for a thoroughly experienced fire and casualty Home Office Comptroller. Capable of taking complete charge of Accounting Department of young progressive group. Excellent opportunity for right man. Please write full qualifications and salary expected.  
Texas Casualty Insurance Company  
Austin, Texas

#### FIRE INSURANCE EXECUTIVE WANTED

Iowa Casualty Company desires experienced Fire man. Must be capable of setting up and supervising Fire Department. Company is writing casualty lines in several states at present and is anxious to make Fire and Allied Lines available to its agents. Replies will be held strictly confidential. Address L-71, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

#### FIELDMAN WANTED

Mid-western Mutual Fire Company rated A+ needs field man for Illinois Territory. Replies will be held strictly confidential. Our own man know of this ad. Address L-80, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

#### JUNIOR EXECUTIVE

Presently manager of large agency in Southwest. Desire position that will offer good opportunity to one highly capable and aggressive. C.P.C.U., experienced, all lines, agency and company. Family, college education, age 31. Present salary \$8,400. Location unimportant. Address L-82, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

#### WANTED

for Detroit and Eastern Michigan  
Group of stock companies can use fire protection and insurance service man familiar with sprinklered and unsprinklered special hazard risks. State fully qualifications and approximate salary desired. Our employees know of this ad. Address L-84, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## Geo



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Savannah,  
Atlanta, Ga.

## Ky. Res

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## Georgia Officers



New officers of Georgia Assn. of Insurance Agents: From left, E. L. Cantrell, Rome, 2nd vice-president; Harry M. Carter, Savannah, president, and C. Sims Bray, Jr., Atlanta, 1st vice-president.

## Ky. Regional at Ashland

Kentucky Assn. of Insurance Agents will hold its second district meeting of the year at Ashland June 16-17, instead of at Cumberland Falls as originally planned.

The program will be similar to that at Bowling Green some weeks ago, with short reports from President Gardner and Sheridan Barnes, state national director. Highway safety will be featured as it was at Bowling Green. There will also be a forum discussion of fire, casualty, inland marine, surety and other problems.

## Miami Political Front

Several Miami insurance men played an active part in politics in Florida's recent Democratic primary.

Jess Turner, president of Greater Miami Insurance Board, was elected delegate to the Democratic national convention at Chicago. Mr. Turner is pledged to Senator Kefauver.

Shepherd Broad, Carolina Casualty, lost his run-off election for county commissioner.

Tom Kelly of the Kelly-Phillips agency won in a close contest for sheriff of Dade county.

## Craft Vocation Day Speaker

Merrill G. Craft of Jackson, president of Michigan Assn. of Insurance Agents, addressed a "vocations day" program at Hillsdale College, Hillsdale, Mich. He explained the wide variety of employment offered in insurance, including the many positions in company organizations, in adjustment bureaus, inspection and engineering services and in agencies. The prospective graduates annually are addressed by representatives of various industries who attempt to interest them in entering those fields.

## Independents Elect Hannon

Assn. of Independent Insurance Adjusters of Massachusetts at its annual meeting at Boston elected Stephen M. Hannon of that city as president.

Norman V. Crane was elected 1st vice-president; Earl d'Entremont, 2nd vice-president, and James L. Beck, secretary.

## New Deputy Fire Marshal

Roland Skidmore has been appointed deputy state fire marshal of Washington by Commissioner Sullivan to supervise inspection of nursing homes, hospitals, schools and public buildings in the northwest counties adjacent to Whatcom county. He retired recently as fire chief of Bellingham.

## Seek St. Louis Cooperation

Representatives of the three leading organizations of agents and brokers of St. Louis are meeting Thursday to discuss plans for future cooperation in public relations and advertising and publicity campaigns.

Those scheduled to attend are John

Wightman, Jr., president Insurance Board of St. Louis; Ben Finke, president Associated Insurance Agents & Brokers of St. Louis; Bob Chapman, president Insurance Brokers Assn., and the chairmen of the public relations committees: Tom Noel for the Insurance Board; Fred Donley for the associated agents and brokers, and Bill Griffin for the brokers organization.

## Turner Richmond President

E. D. Turner, Jr., has been elected president of Richmond Assn. of Insurance Agents. William R. Walker is vice-president; Frank S. Cosby, secretary.

## Glens Falls Names Keech, McNairy Claim Supervisors

Glens Falls group has promoted Frank B. Keech to supervisor of the first party and John E. McNairy supervisor of the third party claims division including automobile physical damage.

Mr. Keech joined Glens Falls Indemnity in 1941 at Washington and later that year went to the home office. The past year he was placed in charge of handling A. & H., burglary, glass, inland marine and fidelity claims as well as surety other than contract.

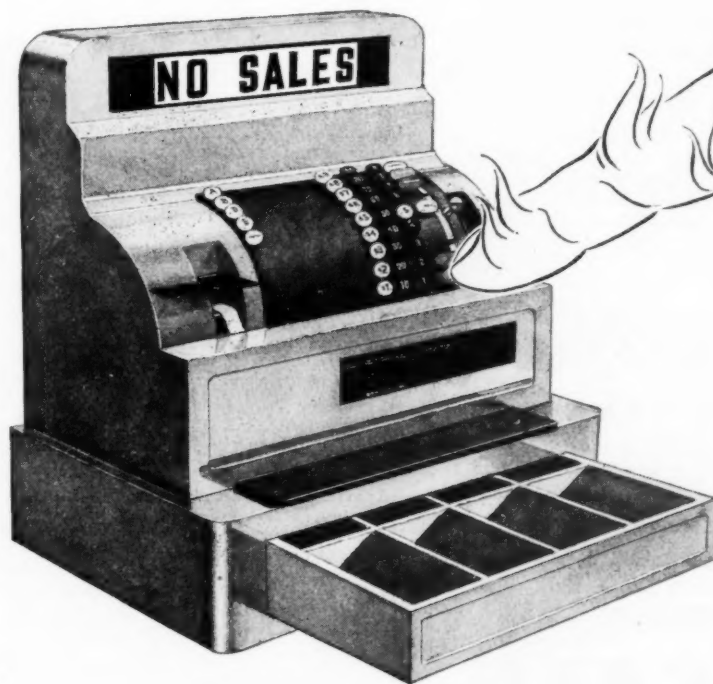
Mr. McNairy joined Glens Falls Indemnity in 1942 as claims manager at

Columbia, S. C. Three years later he went to Washington, D. C., as claims manager. He was assigned to the home office in 1949 as an examiner in automobile claims. He will now supervise all automobile, workmen's compensation and miscellaneous liability claims.

## Two Speak at Eldorado

At a meeting of the Eldorado (Kan.) Insurance Board, W. G. Goldsmith, assistant manager of Travelers, and John L. Vorse, Security state agent, both of Wichita, were speakers. Mr. Goldsmith spoke on casualty problems and Mr. Vorse on trends in the fire insurance business. Insurance Women of Eldorado attended.

# Insure the BUSINESS



—as well as the Building!



YOU CAN IMAGINE the terrific strain a shutdown puts on a business's financial structure. After all, the real value of any business is the income the going business can earn. And when fire or other insurable disaster suspends business operations, no amount of Building and Contents Insurance will cover the loss of income.

That's a job for Business Interruption Insurance — and it's your job to tell clients about it.

Far too few businessmen carry this needed coverage. Far too few realize they can insure against loss

of income from a shutdown caused by named perils. And when you think of the large number of burnt-out businesses even with Building and Contents Insurance that never resume operations, you can see how important this protection is.

What's more, you'll find that insuring a client's income is a good way to increase your own.

Head Offices: 401 Walnut St., Philadelphia 6, Penna. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto. Claims and Settling Agents throughout the world.



Fire Association

SINCE 1817  
Symbols of Security



Reliance

INSURANCE COMPANIES OF PHILADELPHIA

# 50<sup>th</sup> Anniversary



Talk to our Special Agent about the Grain Dealers' agency plan. We write fire and allied lines, full-cover automobile, and inland marine insurance. The agency plan offers liberal commission for your work,

## Look to the GRAIN DEALERS'

Special Agent  
for mutual aid  
on agency problems . . .

● He brings you the services of a good-sized—and growing—mutual company operating nationwide on the agency plan. Progressive company policy gives Grain Dealers' agents the means to meet competition based on service to insurance buyers. Spelled out—that's dependable protection at the right cost, a high grade of inspection and loss prevention work, and businesslike handling of claims.

and participating insurance keeps down the cost of insurance for your clients. Savings of \$6,350,000 have been returned to policyholders as dividends during the past five years.

# Grain Dealers Mutual

INSURANCE COMPANY

INDIANAPOLIS 7, INDIANA

Western Department: Omaha 2, Nebraska

**HIGHER PRICE LEVELS  
REQUIRE MORE FIRE INSURANCE COVERAGE**  
Are Your Assureds Adequately Protected?

CONSULT US ON

# APPRAISALS

Impartial Valuations

of

Industrial and Commercial

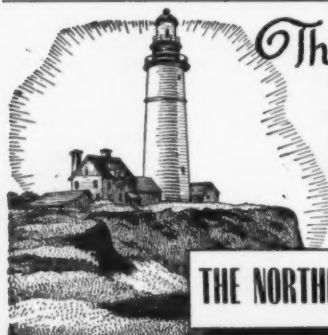
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Since 1910

Branches  
in all  
Principal  
Cities

THE **LOYD-THOMAS** CO.

4411 RAVENSWOOD AVE. CHICAGO 40, ILL.



## Their JOB is to PROTECT!

OUR LIGHTHOUSES — Scattered throughout our inland and ocean waters, their flashing signals provide ever-faithful protection to marine transportation. A tribute, well earned, goes to those who, without interruption, man these safeguards.

The Northern Assurance has provided reliable Insurance Protection for over 114 years.

THE NORTHERN ASSURANCE CO. Ltd.

FIRE AND ALLIED LINES, AUTOMOBILE INLAND  
MARINE — REPORTING FORM — FLOATER CONTRACTS  
NEW YORK • CHICAGO • SAN FRANCISCO



## World Results of Royal and L. & L. & G. Are Told

New high records in premium income of Royal and Liverpool & London & Globe were announced by the chairman of the board, Col. A. C. Tod, at the annual general meetings of stockholders. For Royal the worldwide fire, casualty, and marine premiums in 1951 showed an increase of almost 20%, reaching a record total of £42,650,000. For L. & L. & G. the premiums were just above £26 million, representing an increase of £3,300,000.

Royal recorded underwriting profits of £2,023,823 and the L. & L. & G. £1,079,238. This is the third successive year in which the L. & L. & G. underwriting profits exceeded £1 million.

Col. Tod referred to the able management of the companies' organizations in the U. S. and expressed his appreciation of the efforts of H. C. Conick, U. S. manager, and his associates and staff.

The chairman discussed the impact of the "age of inflation" upon insurance, especially with regard to automobile business, and cited the worldwide unfavorable experience in this line.

General progress was noted in all overseas territories. He remarked on the return this year of workmen's compensation business to private enterprise in New Zealand after a short period of nationalization. For Europe, South Africa, India, and South America, the year closed with satisfactory results.

The year's dividend for the Royal was 9/6d., an increase of 1/- per £1 stock; similarly, for L. & L. & G. the dividend was raised from 31/- to 35/- per share. In accordance with past practice, current rates of exchange were applied to funds held out of Great Britain except that a rate of approximately \$4.86 to the pound was used in the case of the U. S. and Canada.

## R. B. Kinnaird Enters Agency

Robert B. Kinnaird has become a partner in the Booker & Kinnaird agency at Louisville, which was formed just 50 years ago by his late father, Austin B. Kinnaird, and William F. Booker. Present members of the agency are William F. Booker, co-founder; William F. Booker, Jr., Miss Willie P. Taylor, Walter R. Calvert, and James B. Connelly, all former veteran employees of the agency. Young Kinnaird is an air force veteran, leaving Centre College to enter service.

## McLean to Tuscaloosa

George McLean, formerly special agent for Royal-Liverpool in north Alabama field, is now with the local agency of Duckworth-Morris at Tuscaloosa, Ala. Joseph A. Duckworth and Charles Morris of that agency both are past presidents of Alabama Assn. of Insurance Agents.

## Joins Mason Dillard & Co.

James E. Davidson has gone with the independent adjustment firm of Mason Dillard & Co., Birmingham, Ala. He has had 6½ years' experience as an adjuster and recently was special agent for America Fore in Alabama.

Insurance Women of Austin, Tex., held their installation and bosses night banquet with Paul H. Brown, fire insurance commissioner, as honor guest.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago  
June 3, 1952

Div.	Bid	Asked
Aetna Casualty .....	3.00	92 1/2
Aetna Fire .....	2.25*	54 1/2
Aetna Life .....	2.50*	87 1/2
American Alliance .....	1.50*	32 1/2
American Equitable .....	1.50	25 1/2
American Auto .....	2.00	37 1/2
American (N. J.) .....	1.00	24 1/2
American Surety .....	3.00	50 1/2
Boston .....	2.60*	66 1/2
Camden Fire .....	1.00	22 1/2
Continental Casualty .....	2.60*	77 1/2
Fire Association .....	2.60	62 1/2
Fireman's Fund .....	1.60	57 1/2
Firemen's (N. J.) .....	.80	24 1/2
General Reinsurance .....	1.20	32 1/2
Glens Falls .....	2.00*	56 1/2
Globe & Republic .....	.80	12 1/2
Great American Fire .....	1.50*	36 1/2
Hanover Fire .....	1.60	35 1/2
Hartford Fire .....	3.00*	138 1/2
Home (N. Y.) .....	1.80	37 1/2
Ins. Co. of North Am. .....	2.50*	78 1/2
Maryland Casualty .....	1.00	21 1/2
Mass. Bonding .....	1.60	23 1/2
National Casualty .....	1.50*	26 1/2
National Fire .....	2.50*	63 1/2
National Union .....	1.80	40 1/2
New Amsterdam Cas. .....	1.50	35 1/2
New Hampshire .....	2.00	42 1/2
North River .....	1.20	28 1/2
Ohio Casualty .....	1.20	66 1/2
Phoenix, Conn. .....	3.00*	87 1/2
Prov. Wash. .....	1.50*	29 1/2
St. Paul F. & M. .....	.80	32 1/2
Security, Conn. .....	1.60	34 1/2
Springfield F. & M. .....	2.00	47 1/2
Standard Accident .....	1.60	34 1/2
Travelers .....	14.00*	627 1/2
U. S. F. & G. .....	2.00	52 1/2
U. S. Fire .....	1.40	46 1/2

\*Includes extras.



HOW  
WE SEND

## PROSPECTS TO YOU

Phoenix-Connecticut Group  
Tells Public How They Need  
Your Guidance

Our 1952 advertising message dramatizes cases of people stumped by problems -- until helped by the friendly advice of our Agent. We point out that people buy more than insurance; they buy the time of a man -- to advise, to explain, to guide, to help in time of trouble.

That's the message of our national advertising. That's a "plus" you receive over and above the expert assistance from our large force of fieldmen. Are you taking full advantage of what we offer?



THE PHOENIX  
CONNECTICUT  
GROUP OF INSURANCE COMPANIES

The Phoenix Insurance Co.  
The Connecticut Fire Insurance Co.  
Equitable Fire & Marine Insurance Co.  
Minneapolis Fire & Marine Insurance Co.  
The Central States Fire Insurance Co.  
Atlantic Fire Insurance Co.  
Great Eastern Fire Insurance Co.  
Reliance Insurance Co. of Canada

Executive Offices:  
52 Woodland St., Hartford 15, Connecticut

TIME TRIED AND FIRE TESTED

## Urgent More

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## Urges Agents to More Prevention

It is absolutely essential that all segments of the business work together to combat common problems, Robert D. Eckhouse, Director of Advertising and Public Relations of Babaco Alarm Systems, Inc., told a luncheon meeting of Assn. of Local Agents of New York City.



R. D. Eckhouse

New York City agents must take their place beside the companies on legislative and safety matters if they are to expect fair treatment in return. Even if the loss experience in certain lines continues to deteriorate, he declared, rate increases alone are not the solution. The Insurance Department cannot continue to sanction higher rates and permit insurance costs to the public to rise without suffering political embarrassment. Agents, as well as brokers and company men, therefore, must be prepared to face up to the problem realistically and actively promote satisfactory solutions.

"New York City agents must step forward vigorously to strengthen their own role in the industry's structure, he said. Otherwise they may easily become the victims of the current dilemma facing the industry—namely, the question

of how to meet a bad loss situation without increasing rates.

Mr. Eckhouse, formerly with Assn. of Casualty & Surety Companies and National Assn. of Insurance Agents in public relations capacities, said that agents have a formidable case which they can develop to solidify their position in the insurance family, but they must come forward and tell their story.

"The everyday services which New York City agents perform for their brokers and companies must be properly publicized, otherwise there will always be some doubt about their value. Where agents have been active in loss prevention and risk improvement work they have unquestionably performed an outstanding service for insurance as well as for the public. These activities must be stepped up. In this way, the agents will not only make a major contribution towards improving the loss picture, but will also be further emphasizing their value to brokers, insurers and the public."

The automobile insurance picture in New York City, Mr. Eckhouse noted, has recently turned the spotlight of press and public attention on the entire industry. Now the subject of insurance is hot political item and agents must join with brokers and company men in taking a position on the issues being raised. If they do not, they will have no excuse if some of their prerogatives are compromised during the course of resolving the complex problems facing the industry.

The only solution to growing public antagonism toward increasing insurance costs is greater effort on the part of all concerned in accident prevention, fire prevention and theft prevention activities. Insistence on proper preventive measures to control accidents, fire and crime, however, must be genuine. Otherwise confidence is destroyed. The insurance industry has already done much along these lines, but in New York City and other sensitive areas these efforts must be increased many, many times. Otherwise greater regulation, arbitrary restrictions and governmental control are inevitable."

### Cal. Associations Elect

Newly chosen officers of California local agents associations include:

Arcadia—President, James N. Walker; vice-president, Deco Van Horn, Jr.; secretary, William F. Jantzen, Jr.

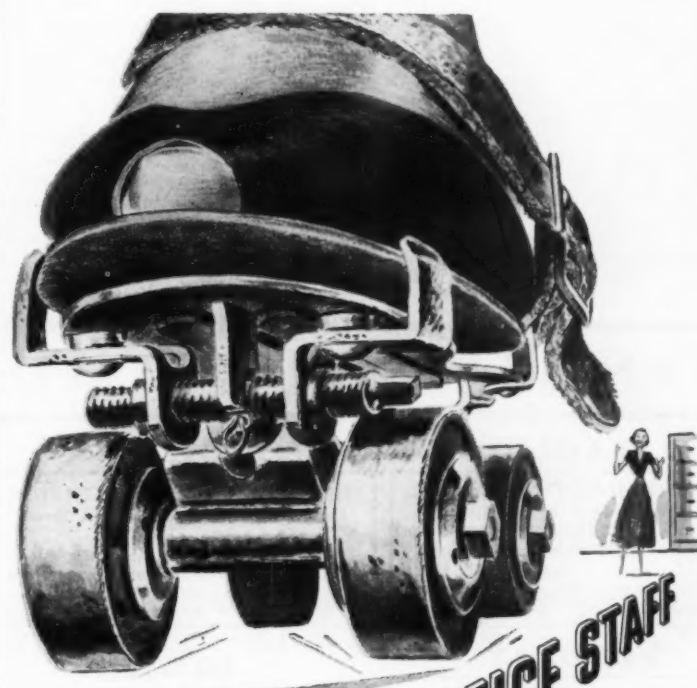
Santa Barbara—President, Roy M. Cameron; vice-president, Wesley Montgomery.

### Withoff Joins Quirk & Co.

J. O. Withoff, formerly with Trezevant & Cochran and later with Houston Fire & Casualty, has been appointed special agent for Quirk & Co. general agency of San Antonio at Lubbock, Tex.

### Warren Opens Own Agency

Milton Warren, who for 11 years has been assistant insurance department manager of Van Schaack & Co. of Denver, has opened his own agency in the Midland Savings building.



**PUT YOUR OFFICE STAFF on ROLLER SKATES or...**

install a good office system. If your office staff has to go on a walking marathon from file to file, put them on roller skates... or get a new system.

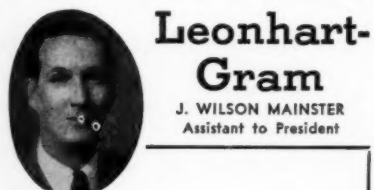
You can have all the answers to your office management problems by taking advantage of the personalized, backed-by-years-of-experience service of the oldest Agency Systems Department in the country. Such a recognized pioneer department can do an expert job—starting with the basic office files and faning out until you have the solution to all your office management problems.

One example is our line folder system which banishes unnecessary files. 1 line folder for each client serves 6 purposes and gives you all the answers. Created by our Agency Systems Department which was founded in 1935, this save-time-for-sales line folder has recently hit an all-time record of 8,300,000 copies in use in over 6,500 offices of Royal-Liverpool producers. That's why we know our Agency Systems Department can help you too.

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## Leonhart-Gram

J. WILSON MAINSTER  
Assistant to President

"A list of the companies for whom we have arranged reinsurance treaties reads like a roster of famous names. This is because we have soundly built a reputation for stability and dependability throughout more than three decades. We are also glad to fulfill your requirements for facultative reinsurance."

**Leonhart AND COMPANY INC.**  
SOUTH AND WATER STREETS  
BALTIMORE 2, MARYLAND SARatoga 8500

*Fire and Allied Lines*  
**MILLERS NATIONAL Insurance Company**  
*Since 1865*

HOME OFFICE  
CHICAGO 4

Eastern Department...  
PHILADELPHIA

Pacific Coast Department...  
SAN FRANCISCO

*Since 1876*  
**ILLINOIS FIRE Insurance Company**  
*Fire and Allied Lines*

## NEWS OF FIELD MEN

### Waitt Named as New Head of Alabama Blue Goose

Alabama Blue Goose at its annual meeting elected Malcolm G. Waitt, Springfield state agent, most loyal gander; Clifton C. Chandler, Hanover, supervisor; Henry C. Barnett, general agent, custodian; Chenoweth Poyntz, Brame, Ward & Hancock, general agents, guardian; S. Macey Johnson, Wilkey, Johnson & Norton, adjusters, keeper, and W. K. Hughes, Bankers Fire & Marine, welder. Delegates to the grand nest meeting are Mr. Waitt and Edgar G. Darling, Aetna Fire.

Five goslings were initiated. Fornie A. Hughes, North British & Mercantile,

was presented a past most loyal gander button.

The pond's annual party was held the previous day at Birmingham Country Club, with golf, swimming, bridge for the ladies, cocktails and a dinner and entertainment. Steve W. McCall, Jr., Loyalty group, won the low net golf prize and Raymond C. Bennett, America, the blind bogie.

### Traver Michigan Speaker

George G. Traver, manager public relations department of National Board, will speak at a meeting of Michigan public relations committee June 19 in connection with the annual meeting of Michigan Fire Underwriters Assn. at Port Huron.

### Hoag Enters Agency Field; Wheaton Named in Ohio

Vice-president E. D. Lawson and executive staff members Arthur O. Andersen, Charles Martell and C. N. Mullican, Jr., visited Columbus to compliment and bid farewell to retiring State Agent Kenneth J. Hoag, who resigned direction of the central Ohio field of Fireman's Fund.

Mr. and Mrs. Hoag were hosts at a cocktail party at their home prior to the dinner party arranged in Mr. Hoag's honor.

Mr. Hoag is opening his own agency under the name of Hoag & Hoag, Inc. His place will be filled by George W. Wheaton, a former Fireman's Fund special agent at Cleveland, who has been, since the end of the war traveling in central Ohio for Agricultural.

### Debold Glens Falls Newark Head; Wescott Advanced

Glens Falls has appointed Thomas J. Debold manager at Newark.

Special Agent Alan H. Cantrell will service fire agents in northern New Jersey, along with Special Agent John Y. Lambert, Jr., who is being transferred to Newark from Albany. Special Agents E. F. Bradley and William J. Morris, Jr., will continue giving primary attention to casualty.

Ralph E. Wescott, state agent in charge of fire and allied lines in northern New Jersey, is going to the home office for special underwriting duties. He joined Glens Falls in 1920 and was fire underwriter at the home office and special agent in Connecticut and central Massachusetts before going to New Jersey.

### Commercial Union Change

Edwin T. Campbell is retiring as special agent for Commercial Union in eastern Massachusetts, Boston and Rhode Island. He has served in that territory for that company 24 years.

The field has now been rearranged with Herbert W. Griffin placed in supervision of Boston and Boston metropolitan district; James F. Kelly being transferred from the New York suburban field to supervise eastern Massachusetts outside of Boston and Lewis A. Geis, who supervises Connecticut, being given supervision also for Rhode Island.

Mr. Campbell was born at Hopkinsville, Ky., and graduated at Smith Academy at St. Louis. He was with the Simpson-Campbell general agency in New England before going with Commercial Union.

### Ala. Annual Meeting June 12

Alabama Fieldmen's Assn. will hold its annual meeting at Radium Springs, Ga., June 12. Members of Fire Insurance Fieldmen's Club of Georgia have been invited. A cocktail party, golf and swimming are on the program.

### 3 Address Ohio Speakers

Stock Fire Insurance Speakers Assn. of Ohio will have three speakers at its meeting June 9 at Columbus. They are: R. S. Landen, Western Adjustment, "Guiding Principles"; Simon W. Jones, Home, "Multiple Locations," and J. M. Murnane, Camden Fire, "Catastrophe Loss Adjustment."

### Tenn. Field Club Cards Set

The programs have been completed for the annual meetings of Tennessee Fire Underwriters Assn. and Tennessee Blue Goose and the semi-annual meeting of Tennessee Fire Prevention Assn., to be held June 17-19 at Look-out Mountain.

Guest speakers for the F.U.A. gathering are John P. Young, Jr., vice-president and western manager of American, and William H. Thompson, manager of General Adjustment Bureau at Nashville. Charles L. Beale, Yorkshire, Dallas, M.L.G.G., will be a guest at the Blue Goose session.

### Pa. Preventionists Elect

Harry W. Brown, Fire Association, was elected president of Fire Safety Assn. of Pennsylvania at the annual meeting in Hershey. E. J. Mulgrew, retired, was reelected secretary. A vice-president and an assistant secretary were elected for the divisions, as follows: Harrisburg, A. C. Olson, Aetna Fire, and Norman Ingersoll, Boston; Philadelphia, George F. Houseman, Jr.,

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Chicagoland Claims—Since 1920  
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CHICAGO 4  
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Tel. 2-7684  
Joliet, Ill.—P. O. Box 1305—  
Tel. 6279  
Downers Grove, Ill.—  
P. O. Box 222—Tel. 5296

Phone HARRISON 7-3238

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## Wash. Semi-Annual June 2

Washington Fire Underwriters Assn. will hold its semi-annual meeting July 2 at Inglewood Golf & Country Club. There will be a golf tournament in the morning, with competition for the D. K. MacDonald trophy. At the afternoon business session reports on Washington conditions will be given. Following the business session will be a cocktail hour and dinner. George B. Stalzer, Hartford Fire, is chairman of the committee on arrangements.

## Augments Kansas Staff

Hanover has augmented its Kansas field staff by appointing Leon H. Mahoney as special agent assisting State Agent H. O. McIntosh. The headquarters are at Topeka. Mr. Mahoney graduated at Kansas State college and was an officer in the navy in the last war. He has been in the insurance business.

## White Is Shifted by G. & R.

Special Agent Richard J. White has been transferred from the northern New England field to Connecticut and western Massachusetts by Globe & Rutgers Fire. Mr. White, who will have headquarters at Hartford, entered the business in Rhode Island. He has been traveling northern New England for two years.

## Peoria Puddle Elects Macy

Kent L. Macy, New York Underwriters, has been elected big toad of the Peoria Blue Goose puddle. Floyd Harding, Western Adjustment, is polliwog, and Raymond C. Hawkins, Home, croaker. William L. Gould, Glens Falls, was named sergeant-at-arms.

## A. P. Sykes Joins Peerless

Albert P. Sykes has joined Peerless Casualty as special fire and inland marine representative in Massachusetts with headquarters at 40 Broad street, Boston. Most recently he has been special agent for the Boston firm of Gilmour, Rothery & Co. After serving in the navy during the last war, he went with Fireman's Fund at Boston and then went to London Lloyds at the head office and subsequently was in Philadelphia for a time.

J. T. Silveira, manager of Pacific Fire Rating Bureau, talked on rate making at the final spring meeting at Los Angeles of Southern California Fire Underwriters Assn.

## Cal. Directors' Open Meeting

California Assn. of Insurance Agents has sent a special invitation to all its members to attend the June 14-15 meeting of the directors at Palm Springs. The association plans to have a general and open discussion on market and rate conditions in the automobile and workmen's compensation fields. It is understood the producers will seek to develop some program to improve these conditions, now so serious to producers and companies alike.

Other subjects to come up will be based on reports of the standing committees.

## Bosworth Pueblo Speaker

C. Bosworth, Jr., vice-president of J. A. Silversmith, Inc., managing general agents of Denver, gave a talk on automobile problems at an evening meeting of Pueblo Assn. of Insurance Agents.

# NEW YORK

## VON DER LIETH SHIFTED

The Phoenix-London group has appointed Robert von der Lieth special agent in the Westchester suburban field, with headquarters at White Plains, N. Y. He started in 1936 with the suburban division of New York Fire Insurance Rating Organization. After army service he rejoined the suburban division as an inspector in 1946. Subsequently, he was an inspector for F.I.R.O. in New Jersey until his appointment as special agent for Phoenix-London in northern New Jersey. In 1950 he was recalled to service and was wounded while serving in Korea.

## HUEBNER TO SPEAK

Dr. S. S. Huebner, dean of American insurance educators, will be the featured speaker at the closing exercises of the insurance school of Insurance Society of New York June 12.

## WEEK OF OUTINGS

This was a week of outings for New York insurance personnel. Included among the organizations that took a day off in various parts of the country surrounding New York City were National

Bureau of Casualty Underwriters, the New York division of New York insurance department, and Home.

## Minors Auto Cover in N. Y.

There are now two laws in New York dealing with minors and automobile insurance. One is the measure passed last year which establishes compulsory insurance for minor owners. This was amended in the 1952 session to increase from 5/10 to 10/20 the bodily injury limits and to add the requirement of \$5,000 of property damage insurance. Also, the measure now applies to minors owning motorcycles. These changes are effective Nov. 1.

The other measure is a new one, effective July 1, and imposes compulsory insurance on minors operating a motor vehicle for which the owner does not have in effect an automobile liability policy in limits of at least 10/20/5. The minor is required to carry with him proof of the existence of that much insurance while operating a motor vehicle on the public highways of the state.

The Gaumek agency of Derby, Col., has been taken over by James Graham doing business as the Derby agency. He has added New Zealand to his agency representation.

## Program for Washington Agents' Meeting Completed

The program for the annual meeting of Washington Assn. of Insurance Agents has been completed, President Allender S. Brown announces.

President James F. Van Vechten of N.A.I.A. will address the opening general session Aug. 18 at Yakima. A. L. Kirkpatrick, manager of the insurance department of the U. S. Chamber of Commerce, who will make a special trip to Yakima to address the convention, will speak on "The Threat of Socialism to the Survival of the Private Insurance System" and Herbert H. Kirschner, San Francisco, public relations counsel of Pacific Board, on "Are Agents Too Modest For Words?" This will be a return engagement for Mr. Kirschner.

## Other Speakers Listed

As previously announced, William D. Sharpe, insurance buyer for Meier & Frank Co., Portland, will speak, as will Commissioner Sullivan, who will tell about the finally completed plans for tightening agents licensing examination procedures.

Phil M. Philips of Yakima is general chairman of the committee on arrangements.

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## EDITORIAL COMMENT

### Taking High Limits from Bargain Counter

Increase in the cost of so-called excess limits for automobile bodily injury liability insurance may have the result of curbing the appetite of agents and assured for some of these stratospheric limits and that could be perhaps a salutary result. There have been a lot of high limit policies bought in almost a flippant way because the cost has been fantastically low. Agents and brokers have been able to appeal to the vanity of many motorists by suggesting that they get into the \$100,000 or better class and this can be done at the cost of just a round of beers.

As a result there are certainly a lot of motorists with very much higher limits of insurance than they would be carrying if they were paying what ought to be charged for that kind of liability in these days of inflation and astronomical verdicts. We don't agree with the few extremists who advocate that insurance companies refuse to issue limits of coverage beyond some moderate level as a means of reversing the tide of verdicts that has set in so alarmingly. But we certainly do agree that the size of a verdict or of a settlement has an uncanny fascination for the amount of the coverage involved—at any rate, the latter is a very important reference point in this connection. Hence, we think the motorists ought to be made fully appreciative of the value of what they are getting in the way of high limits, and they should be prepared to pay a respectable sum for the protection they are granted and this whole high limits business should be placed on a serious basis and removed from the crap

shooting, bargain counter environment.

In most serious cases the first question that a claimant's lawyer asks is: "What are the limits of the policy?" Consider a very serious case as an example. Let us say that the pedestrian has a leg amputated as a result of injuries received in an accident in which the insured was plainly negligent. Let's also assume that the insured is not a rich man but an ordinary citizen with total assets of no more than \$5,000. If the limits are \$50/100, the chances are that the settlement will be close to \$50,000. On the other hand, if the limits are only \$15/30, the chances are that the settlement will be for \$15,000. Most claimants will accept that amount and will not take the trouble of going to court and getting a judgment in excess of the policy limits and trying to take all of the insured's savings.

Very few verdicts are in excess of the policy limits because members of the jury usually find out in some mysterious way about insurance and not many jurors want to make defendants pay more than the limits. And even when there is a verdict of more than the limits, there is always an excellent chance of settling it for the amount of the insurance.

If the rates for excess limits are put on a self-sustaining basis as they certainly should be, and as a result the limits that are carried, on the average, are debased to some extent then this should have a dampening effect on the course of jury verdicts that are threatening to get completely out of hand.

### Making More Use of A Facility

An advertising man, William J. Traynor of North British & Mercantile, made a suggestion the other day in a talk before the Georgia Assn. of Insurance Agents that seems very sensible. Discussing how agents could get more out of their advertising dollars, he asked why agents, before they commit their money to an advertising spending program, do not consult the advertising manager of an insurer.

After all, the advertising manager spends pretty much all of his time and quite a bit of his company's cash on advertising. He knows a lot about advertising generally and insurance advertising especially. He certainly knows the fundamental points to keep in mind if the advertising buyer is to get the

most out of what he spends.

If the agent has well in mind the basic facts about advertising effectiveness, he is likely to avoid obvious mistakes. The program should reflect the kind of agency the agent is operating. Is it a new or old one, is it in a rural or urban community, is it a community principally of dwellings and small businesses, or is the community one where the agent deals largely with commercial risks? How should the agent divide his expenditures between newspapers, radio, direct mail, and other media? What particular job does each medium do well?

For the agent, Mr. Traynor pointed out, the newspaper returns the best results in a small community. Here

everybody reads the paper—the weekly or bi-weekly has top audience readership. But if the community is small, residents may feel the agent is overdoing things if he sends direct mail—why send a letter when the agent can walk down the street and see all of his prospects within a few blocks? Radio is good if one station serves a small shopping area, 20 to 50 miles. People come into the hub.

One agency selected a spot announcement over a local radio just ahead of a famous news commentator. It secured such good results—and inquiries—it is going to use more of this type of advertising. 50- to 100-word announcements.

Direct mail is a good agency medium. It is the most direct, least expensive and most productive. It can be made to fit any budget. The agency can send out one, ten, 100 or 100,000 pieces, and get to the persons to whom correctly directed. When the agent buys 10,000

of newspaper circulation, not all of the 10,000 will read his advertisement.

How much is the agency spending on advertising? Here it is useful to know what other agents are spending. In general, agencies spend 2½% to 3% of premiums written in the preceding year.

No advertising is any good unless it is followed up—insurance is sold, rarely purchased.

Agents have pointed out that some advertising aids, literature and the like that are provided by insurers miss the mark, they do not fit particular situations. Perhaps if agents called more frequently on company advertising men, most of whom are eager to help, able to help, and provide the help free—the consultation would sharpen up the advertising men on what agents have found by experience to be the most effective material in their localities. Both then would profit from the relationship.

## PERSONAL SIDE OF THE BUSINESS



Arthur H. Clarke, newly appointed automobile department superintendent of Springfield F. & M., who continues to be in charge of the educational program as well.

Lyman Drake, Jr. of the Critchell-Miller agency of Chicago has been elected secretary of Union League Club of Chicago. He is taking on a number of responsibilities this year as he was just recently elected a trustee of his home village of Glencoe, Ill.

Ira Holt, one of the most widely known of Chicago insurance men, is celebrating his 60th anniversary with Fred S. James & Co. Mr. Holt still gets down to the office every day, although his time is his own. The company is giving Mr. and Mrs. Holt a vacation trip in observance of the event.

Don Forsyth, local agent at Springfield, Ill., has resigned his position on the Illinois veterans commission due to the fact that he recently was named campaign manager for the reelection of Gov. Stevenson of Illinois.

Lewis Wargin, Milwaukee, special agent of Hartford Accident, and Mrs. Wargin attended the graduation of their daughter, Mary Joan, from St. Mary-of-the-Woods College, near Terre Haute, last weekend.

Mrs. Ethel M. Pfaller, secretary to W. Herbert Payne, vice-president of Home, for several years, is retiring temporarily to have a family. Mrs. Pfaller was a WAVE in the war and was with Home prior to that time.

Benjamin Beris, president of American Glass Co. of Chicago, recently was awarded a four-piece bedroom suite for

making the largest contribution, \$1,500, to the Celestial Palsy Drive in response to an appeal made by Irv Kupcinet on his television program. The bedroom suite was in turn donated to a charity.

Martin Boyer of Martin Boyer & Co., Lloyds representative at Chicago, has returned from a London visit where he conferred with Lloyds underwriters.

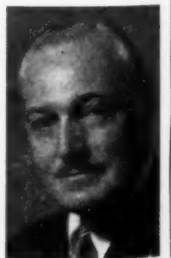
E. H. Forkel, vice-president and western manager of National Fire, and Harry Krause, Chicago broker with the agency of Baur and Christensen, are exchanging grandfather grips, due to the arrival of Georgia Krause at the home of Mr. and Mrs. Harry Krause, Jr., at Grand Rapids, Mich. Mrs. Krause is the former Marilyn Forkel, daughter of the E. H. Forkels.

H. J. Helmkamp, Colorado and Wyoming state agent of America Fore, is recuperating at his home after being hospitalized for two months with a heart ailment.

Joe F. McMeel, newly appointed chairman of the casualty-surety division of the Louisiana insurance commission, has been an adjuster for General Adjustment Bureau at Shreveport since 1946. He served in the navy during the war and prior to that from 1935 to 1940 was a police officer at Shreveport and in Caddo parish.

Oliver Blase of St. Louis, new president of National Assn. of Insurance Brokers, was one of the original members of that organization. He has served on several committees and has been a director for many years.

C. F. Germain, vice-president Excess Management Corp., New York, closed the S.E.U.A. meeting at Hot Springs,



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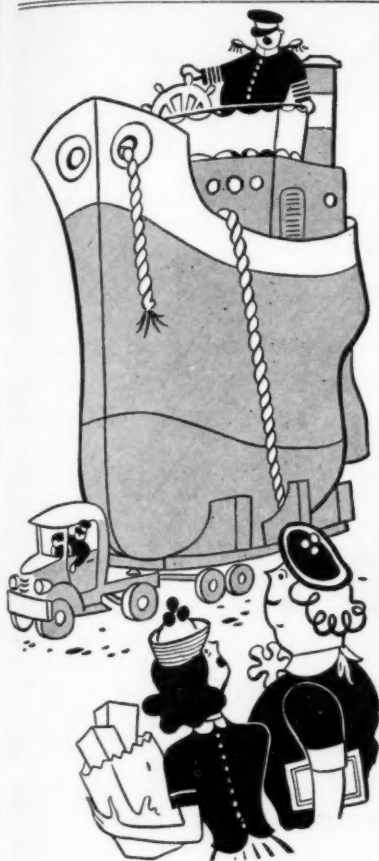
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PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. R. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

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Va., with a bang by shooting a hole in one on the 193 yard eleventh hole. Others in the foursome were Peter J. Berry, president of Security, his son Bernard, and W. B. Rearden, Jr., of the Philadelphia firm of Towers, Forster, Perrin & Crosby.

E. H. Reagan, manager of the general cover department of North America, has completed a tour of Texas which included Dallas, Austin, San Antonio and Houston.

## DEATHS

**SETH B. THOMPSON**, for 10 years insurance commissioner of Oregon and since 1949 agency vice-president of West Coast Life at San Francisco, died at his home after a long bout with cancer. He was a former president of National Assn. of Insurance Commissioners.



S. B. Thompson

Mr. Thompson was appointed Oregon commissioner in 1938 after many years as general agent for the Penn Mutual Life in Portland. He entered life insurance shortly after graduating from Stanford University in 1906 as an agent for the Union Central Life in San Francisco and was a producer for that company until appointed head of Penn Mutual's Portland agency in 1923. He served over the years in every important capacity of N.A.I.C. He was also a past president of the San Francisco Life Underwriters Assn. and the Portland General Agents & Managers Assn. One of the highest tributes to his service as a state official was his continued reappointment by succeeding governors.

Mr. Thompson was urged to return to active life insurance by Harry J. Stewart, president of West Coast Life, a long-time close friend.

**CHARLES V. LEWIS**, 63, died in a hospital at San Antonio. He was a brother of Martin W. Lewis, general manager of Surety Assn. of America, and well known to many in the insurance and surety business. Military funeral services were held in the chapel at Fort Sam Houston. Major Lewis was a veteran of both world wars. For years prior to the last war he was an insurance broker at New York. Since his retirement from active military service he had made his home at San Antonio. Martin W. Lewis flew to San Antonio immediately following notification of his brother's death.

**J. D. CRESON**, 37, special agent for the farm and hail departments in eastern Tennessee for America Fore, died of a heart attack at his home at Sherwood. He had been with the organization for only about 13 months, and prior to that was postmaster at Sherwood. Mr. Creson attended Martin college and Cumberland University law school.

**ALBERT H. CURTIS**, 86, retired head of the Boston agency bearing his name, died at Dorchester, Mass. Mr. Curtis had entered the business through life insurance and became a general agent for New England Mutual Life. He held this post for 44 years and then formed his own general insurance agency.

**DAVID J. KADYK**, partner in the Chicago law firm of Lord, Bissell & Kadyk, and the man in that firm with whom London Lloyds representatives at Chicago had the closest dealings ever since Lloyds became regularly licensed in Illinois and with Lord, Bissell & Kadyk as Illinois attorney-in-fact, died at St. Luke's hospital, Chicago, at the age of 55. Mr. Kadyk was incapacitated for nearly a year commencing in 1948 due to heart attacks, but since then he

(CONTINUED ON PAGE 23)

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Why not you? Have your agent or broker check your foreign risks with AFIA—wherever they are, wherever they may be!

## MORE BUSINESS FOR YOU!

Business men in your area are reading this dramatic ad—which forcefully points out the need for complete insurance coverage on their foreign installations, and tells them of the ease with which foreign protection may be obtained through AFIA.

Why not get the additional business that can be yours by making an active check of your customers? Let them know that you can handle their foreign insurance problems right here at home. Just get the facts, then contact your nearest AFIA office, and we'll do the rest!

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**MUTUAL BENEFIT HEALTH & ACCIDENT ASSOCIATION**



# H. & A. Conference Meets at Denver

## Conference Staff Reports on Year of Progress

### Idea of Rate Regulation for A. & H. Gives Concern; Membership Now 174

The reports of the chief members of the staff of Health & Accident Underwriters Conference, delivered at the annual meeting at Denver, reflected a wide range of activities and a good deal of accomplishment.

C. O. Pauley, managing director, observed that one of the most important developments of the past year was the entrance of many life companies into the A. & H. field, with a number of them writing individual coverage. This has greatly stimulated interest in the



C. O. Pauley



C. C. Fraizer

A. & H. business generally and, as a result, conference membership has been increased by 24 companies since the last annual meeting. There are now 174 conference members, representing all types of companies — life, casualty, A. & H. only, stock, mutual, assessment, fraternal and reciprocal.

Increasing activity in the A. & H. areas by some of the commissioners' zone organizations has required greater attention on the part of the staff, Mr. Pauley noted. The frequent meetings of the commissioners of the zones and of their technical staffs present a problem, he commented.

Relations with the A. & H. committee of N.A.I.C. have been "very satisfactory," he added.

#### Fraizer Notes Regulation Trends

C. C. Fraizer, general counsel, remarked that among the noticeable trends is the growing tendency for municipalities to attempt to levy occupation or license taxes on agents, and the movement, "still in the talk stage," to regulate disability rates. North Carolina, late in the 1951 session, enacted a bill that was titled as an act for the "regulation of rates" by the commissioner, but the body of the bill does not follow through. It is unfortunate, however, that this phraseology got into the title, Mr. Fraizer said.

Last year the commissioners' committee more clearly defined to the federal trade commission its idea of the jurisdictional boundary of FTC. Mr. Fraizer reported, "several potential miscellaneous conflicts having threatened." The result apparently has been that both the jurisdiction and power of the states has been emphasized.

It is believed, he remarked, that there have been no undue number of complaints to FTC concerning A. & H., "other segments of the insurance in-

(CONTINUED ON PAGE 18)

## Harry Becker Comments on Hospital Financing

One of the high spots in the convention of H. & A. Underwriters Conference at Denver was the address of Harry Becker, associate director of the Commission on Financing of Hospital Care. The company people were greatly interested in the views of Mr. Becker and his explanation of the purposes and plans of the commission, especially since he has been prominently identified in the insurance field previously as a proponent of socialized medicine and as insurance director of United Auto Workers-CIO. His talk was entitled "A Report on the What and Why of Hospital Costs."

Mr. Becker, after giving a rather detailed report on the make-up of the study commission, said he hopes that by next year there will be forthcoming a "road map" of the hospital financing field. He said he would like to see "prepayment" for hospitalization to apply to 90 to 95% of the population in the next 10 years.

The commission and the companies are both trying to find ways to use the insurance principle to combat the economic impact of accident and sickness, Mr. Becker said. Those on the commission are agreed government should be employed in the problem only when the need cannot be met through "other devices."

#### Many Areas of Agreement

There are many areas of similarity in the thinking of the companies and labor on A. & H. problems, Mr. Becker declared. Most of the differences arise in the degree of how certain things should be done.

The commission on hospital finances may prove to be one of the most significant developments in financing hospital insurance that has come along in many years, Mr. Becker opined. The idea for the commission was originally that of American Hospital Assn., which was concerned over the rise in hospital costs, but the group is new and entirely independent. It is composed of 34 persons who, he asserted, represent a cross

section of doctors, insurance companies, hospitals, Blue Cross, industry, etc., and there is "balance." There is a \$500,000 fund contributed by various foundations to maintain commission activities.

Mr. Becker, explaining that he has made "regional trips" to discuss hospital problems with those on the ground, said the commission, after a thorough sifting, has come up with four "study areas." The study area of first priority is prepayment or insurance for hospital care. This is followed, in order of priority, by: Elements of hospital costs and factors affecting them; how to finance hospitalization for persons with little or no income, and hospital-doctor relationships.

#### Wants Early Start

It is after these subjects are reviewed that the "road map" will appear, Mr. Becker said. This "road map" will offer a way or idea on how a start can be made next year on the problem. Mr. Becker remarked that he is not interested in recommendations that might take effect some time in the future; he is anxious to see some headway made on the problem as soon as possible. In this regard, he said, incidentally, that the fight over the plans of Oscar Ewing, federal security administrator, has been a waste of time, in that this has been "a fight against something rather than building for something." Instead of this battle, he contended work should have been going on toward something that all could take part in, the doctors, insurance companies, hospitals, etc.

#### New Awareness of "Prepayment"

A new public understanding and awareness of "prepayment" will come out of the commissions report, Mr. Becker said. The recommendations that will be made will be solely those of the commission, not influenced by outside considerations.

Mr. Becker told the insurance people  
(CONTINUED ON PAGE 17)

## Top Officials of H. & A. Conference



H. Lewis Rietz, second vice-president of Lincoln National Life, new chairman of Health & Accident Underwriters Conference executive committee, pictured with Jarvis Farley, Massachusetts Indemnity, retiring conference president, and Robert R. Neal, North American Accident, new president of the conference.

## Robert Neal Succeeds Farley as President

### Talks of Harry Becker and Frank Sullivan Are Closely Attended

By JOHN C. BURRIDGE

A thorough presentation of the current situation in the accident and health business was given Health & Accident Underwriters Conference members at their annual convention held at Denver. The meeting was notable for the excellence of the talks and the scope of subjects covered. More than 300 persons were registered.

Robert R. Neal, North American Accident, was moved up from chairman of the executive committee to president, replacing Jarvis Farley, Massachusetts Indemnity. H. Lewis Rietz, Lincoln National Life, was named executive committee chairman, and is in line for the presidency next year.

The speeches of most widespread interest were those of Commissioner Frank Sullivan of Kansas and Harry Becker of Commission on Financing of Hospital Care, both of them being controversial in nature. Mr. Sullivan delivered pointedly critical remarks on the ethics of A. & H. selling, and Mr. Becker, formerly of the United Auto Workers-CIO, offering a few hints as to the purposes of his study commission.

Nearly every speaker reminded the company men of the vital importance the A. & H. business occupies in the national economic and political picture. E. J. Faulkner, president of Woodmen Accident, who summarized in masterful fashion the 12 talks of the first two days of the meeting, drew prolonged applause for his observations. The conference, he averred, has acted as a catalyst in the growth of A. & H. insurance. He urged a broad outlook toward the industry on the part of regulatory officials, and mentioned that state supervision can be jeopardized by "picayune differences." The companies must be realistic in their underwriting, not only in view of mounting loss ratios and higher expenses, but because they face competition from state and federal government, he said. The goal is universal protection, but the business must keep in mind that it plays only a part in the total health pattern.

#### Five Topics Covered

Mr. Faulkner divided the speeches into five topics: Conference activities, insurance supervision, underwriting, the position of A. & H. in the national and international picture, and the problem of achieving universal protection. Each of the subjects was covered by at least two speakers.

At the final session, the conference elected Travis Wallace, Great American Reserve, as first vice-president; A. P. Dowlen, Republic National Life, second vice-president, and R. L. Paddock, Time of Milwaukee, was reelected secretary. Named to the executive committee were: P. G. Korn, National Casualty; J. T. Phillips, New York Life; R. W. Smith, Unity Mutual Life & Accident, and Paul W. Watt, Washington National.

The meeting was opened with the presentation to Jarvis Farley of the gavel by Frank L. Harrington, Massachusetts  
(CONTINUED ON PAGE 10)

# Get into Impaired Risk Field at Once, McGettigan Urges

## Only Way to Get Experience — Covering Class Is Responsibility of Business

The accident and health insurance business should begin to build up its statistics on writing impaired risks by getting into that field at once, W. J. McGettigan, vice-president of Security Life & Accident, urged in his address at the H. & A. Underwriters Conference meeting.

Mr. McGettigan said he has been interested in writing substandard business for many years, but he has received "very little encouragement." He said he has been laughed at when he suggested possibilities of insuring physically impaired applicants, and the response has always been that it can't be done. He compared this attitude to that prevalent in the life business 40 years ago when Lincoln National started writing substandard life insurance, and noted that today the company is of giant stature with a substantial part of its income coming from reinsurance of substandard risks.

### Idea Not So Revolutionary

A premium table for substandard business cannot be compiled unless some pioneer work is done, Mr. McGettigan declared. Considering the proposition from all of its aspects, he added, the idea is not as revolutionary as it may at first appear. For many years the companies have been issuing accident insurance to risks that are substandard by reason of occupation. Companies that have issued non-cancellable, guaranteed renewable A. & H. have been caring for the physically impaired. Their contracts do not permit retirement from the risk when their insured becomes impaired in health, and the life companies issuing premium waiver and income disability benefits are in much the same position as the non-can companies.

The group companies writing life, hospital and weekly indemnity insurance will take a member of the group "even though he may have one foot in the grave," Mr. McGettigan added. While he must be working while the group is formed, he said he has not heard it suggested that the insuring of impaired risks be discontinued.

Issuance of disability insurance to the impaired risk calls for special underwriting both in the home office and the field and Mr. McGettigan noted that a special application must be used that would go into detail regarding previous illnesses and injuries, with the company taking note of the nature of the impairment in relation to the applicant's duties, that can be supplemented by an inspection report and a report from the attending physician.

### Limitations Will Be Necessary

The amount provided for accidental death and dismemberment would be nominal; indemnity for total disability from accident would be limited to two years, and total disability from sickness would be limited to one year, house confinement not required, but with a seven-day exclusion period. To keep the

premium as low as possible, Mr. McGettigan said coverage should be limited to accidental death and dismemberment and loss of time.

It is an obligation of the A. & H. business to furnish insurance to every employed person even though he may not be physically perfect, he added, saying that there are thousands of physically impaired persons who are gainfully employed but who cannot obtain income insurance. Their employer is willing to place these people on the payroll and provide them with income, and the insurance companies can do no less than insure that income.

"We are very jealous of our assumed rights in this business," Mr. McGettigan said. "Many of us take the position that the A. & H. industry alone has the right to furnish income protection in case of disability. We proclaim to the world that we are better equipped to furnish this type of service than any government bureau or semi-public institution, and we are right in so proclaiming."

### Right Implies Responsibility

"But we must remember that the assertion of every right carries with it the assumption of a corresponding responsibility. If we assert it to be the right of our industry to furnish income protection to our employed fellow citizens, then let us assume the responsibility of seeing to it that every regularly employed person able to produce a steady income may be given the opportunity to insure that income, even though his physical condition may be somewhat impaired."

The time is past when the companies may pick and choose and select as policyowners only those individuals who are in perfect health and who are most likely to yield a profit, he asserted. If the companies are to render the type of service that the public has a right to expect, they cannot arbitrarily withhold protection from such a large segment of the working population on the theory that there is a physical impairment present that some day may result in a claim.

### Beneficial to Agency Force

There will be a very beneficial effect on the agency organization in this new area, the speaker added. He noted that the professional group policy has closed the door to the most profitable field of doctors, dentists, osteopaths, public accountants and other professional men. The railroad employee has been eliminated as a prospect by the Crosser act, and state compulsory insurance plans, coupled with group insurance, have eliminated a large part of the employed people in those states where compulsory disability insurance is a legal requirement.

The charge made by those advocating state and federal intervention in the A. & H. business is that the industry does not reach enough people. This is unfounded, Mr. McGettigan declared. There is income insurance for every group of employed persons, even those engaged in the most hazardous of occupations. Every worker who needs income protection may have it with the single exception of the person who works every day but who suffers



Thomas F. Daly, vice-president of Capitol Life; Lyman C. Baldwin, vice-president of Security Life & Accident; Ira J. McGuire, Security L. & A.; Carl E. Lien, president of United American Life of Denver and of Colorado Life Convention; G. A. L'Estrange, vice-president of United American; W. T. Carmody, vice-president of Bankers Union Life of Denver, and W. J. McGettigan, vice-president of Security L. & A. at Conference meeting.

### HELLER ADVISES

## Need Perspective in Viewing A. & H. Problems

Ralph Heller, second vice-president of Prudential, in his appearance before the annual meeting of Health & Accident Underwriters Conference at Denver gave an analysis of "Some Problems in Health Insurance" that was very well received. Mr. Heller, who is president of International Claim Assn. and chairman of Health Insurance Council, urged that there is a need for the A. & H. insurance people to realize that their business is only a part of the greater whole of all the hospital, medical, surgical, and other health services performed for insured and uninsured people by all agencies-government, Blue Cross, doctors, insurance companies, and all others.

The insurance companies cannot expect to do the job working independently of what government, labor, the doctors or any other group is doing or plans to do, he said.

As to the talk of keeping government out of the field, Mr. Heller observed that instead the need is to take note that government is already in "up to its ears," and the problem is how to share or divide the services.

The defeat of federal compulsory

health insurance, Mr. Heller said in effect means that the decision is that protection can be had from private enterprise. Additionally, however, the decision has been made by the public in favor of high quality medical care; and that involves problems of coverage which the speaker said must ultimately be of the broad type. The companies must be ready to accept older age risks, impaired persons, etc., and provide them with insurance bearing a "reasonable relationship to charges."

This is the only solution in the long run, Mr. Heller declared. He admitted that in achieving it temporary retrogressions may have to be made, and in this class he put the recent rate increase for group that his company and two or three others have put in effect.

Flexibility is essential, and the companies must be sensitive to the changing scene, Mr. Heller advised. For example, he mentioned the revolutionary change in hospital operations in recent years. The companies ought to show a willingness to experiment, while maintaining their solvency.

In making changes, Mr. Heller commented, as in developing catastrophic medical coverage, the understanding of the doctors of the problem is necessary, and relations with the doctors must be at a high level. But to indicate that this is probably as much an ideal as many suggestions, he noted that last year the companies did 27% more A. & H. business, and "who wants to listen to some guy say 'we've got to get along with the doctors'?" This is a long term problem, he explained.

The insurance story needs to be told more effectively, Mr. Heller continued. He said a while back he had in mind showing to the doctors some figures on how much money they receive from the insurance business (life, workmen's compensation, and A. & H.), but he discovered that such figures aren't available. They should be, however, he declared.

One important means of gathering this type of statistics is through an agency like Health Insurance Council, he added. The importance of the council is primarily in achieving the understanding that all the companies must get together in the problem.

### Cite Good Claim Record

The accident and health insurance business has made "remarkable" and "rapid" strides in improving its claim handling techniques and in keeping abreast of its responsibility to provide the best possible claim service, the committee on claims relations stated in its report to Health & Accident Underwriters Conference. There is no reason to believe, the committee said, that there has been a deterioration in record which showed a few years ago that no line of insurance developed fewer claim complaints per claim handled than A. & H.



Bureau of A. & H. Underwriters members, who are also conference members, at conference meeting: Frank Haran, Connecticut General Life; Joseph F. Follmann, Jr., general manager of Bureau of A. & H. Underwriters; Gerald S. Parker, Guardian Life; A. B. Hvale, Continental Casualty.

June 5, 1952



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## Frank Sullivan Criticizes A. & H. Selling Ethics

Criticism of the ethics in selling and advertising A. & H. insurance was delivered by Commissioner Frank Sullivan of Kansas in his address at the annual meeting of H. & A. Underwriters Conference at Denver. Mr. Sullivan, who is president of National Assn. of Insurance Commissioners, took some verbal pokes at misrepresentation on the part of those agents whose only concern is to make a sale and who rush about from prospect to prospect without performing any service or explaining thoroughly what their product does. He suggested that one way to stop this would be to drastically reduce the commission on the initial premium and pay a direct renewal commission.



Frank Sullivan

A claim may be denied in full accordance with the terms of the policy, the commissioner said, and yet the policyholder is left with a bad impression of A. & H. insurance. The answer is not that the insured should have read his contract, but that the agent should have done a better job of selling and explaining. Mr. Sullivan said that these cases of disappointed policyholders often result because the agent in his haste to make a sale and move on to another lead either fails to explain or misrepresents the policy. He recommended that the agent sell direct from the policy, thoroughly explaining the benefits and particularly the exclusions, stating that then the policyholder would

not be disappointed when his claim is denied.

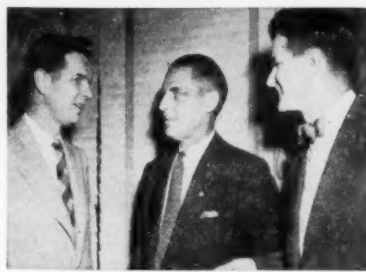
Only in the A. & H. field, he added, do certain companies engage in the practice of advertising in a certain area and then "saturate that area with non-resident agents who write as many applications as possible, collect the premium, then move on to another virgin area and begin the identical operation anew." This is not in violation of state laws, but Mr. Sullivan said that he is confident that the legislature, "at least of my state, did not intend to have so many insured without the benefit of a local agent." He told the company men that while they are not all guilty of this practice, companies operating in this manner "taint your entire insurance field."

Management must put a stop to this type of operation, he said, and one way of doing this is by taking emphasis off sales and premium volume and raising the ethical standards of agents.

### Would Remove "Confidence Man"

"In raising the ethical standards of your agents," he asserted, "you will immediately remove from your agency force the agent who is more of a confidence man than an insurance agent." He said that his department recently revoked the license of an agent who had a criminal record, and Mr. Sullivan was highly critical of the company in question, saying that little thought was given to the long-term satisfaction of the policyholders and the "bad" that would result from this man's high pressure selling methods.

Related to the problem of agency operation is that of misleading advertising, he went on. Again he said the problem results from over-emphasis on increasing the premium volume.



At H. & A. Conference Denver meeting: James Andrews, Jr., of Life Insurance Assn. of America; James Powell, vice-president of Provident Life & Accident, and James R. Williams of the conference staff. Messrs. Andrews and Williams are active in the work of Health Insurance Council.

"Most of the advertising used in the A. & H. field is for the purpose of obtaining leads. For some reason, companies appear to be ashamed of the coverage their policies afford in that the advertising is directed toward describing benefits only with little, if any, thought given to the true coverage involved. This impressionistic advertising does not in itself misrepresent. But it need not misrepresent in order to mislead. The use of the phrase 'no medical examination required' is literally the truth—yet it is misleading in that it creates the impression in the mind of the reader that impaired risks and pre-existing conditions are covered."

### Wants Phrases Eliminated

Mr. Sullivan said that such terms as "complete protection," "liberal benefits," or "rates not subject to change" are other examples of this misleading advertising and should not be used, "if the purchasing public is to have confidence in voluntary A. & H. protection."

Another problem confronting the A. & H. men as delineated by Mr. Sullivan is the question of loss ratios on some policy forms. On this matter, he declared, "although I am not in a position to suggest a minimum acceptable loss ratio, instinct warns me that a return to policyholders of 25 cents out of each premium dollar is not equitable. Should this condition prevail, it is almost a certainty that legislation will soon be introduced giving the state the power to approve, and thus control, A. & H. and hospitalization rates." The companies should take individual action, he said, to either increase benefits or reduce premiums on these contracts.

### Claim Men Do Underwriting

"In underwriting," he charged, "many of your companies are content to do their underwriting in their claim department. It has always seemed strange to me that a company will go to the expense of obtaining credit reports, hospital records and past medical history preparatory to denying a claim, and yet offer the excuse that the reason they don't perform the same check at the time the application is taken is that it is too expensive. It would appear to me that the same cost is involved at either time."

The agency force, he suggested, has the solution to this underwriting problem, since many agents give the impression that because no physical examination is required, existing conditions are covered. Or, these agents may imply that they are doing the prospect a favor by not recording in the application any information which is volunteered by the applicant. Mr. Sullivan said that this is a particularly vicious practice among the over-aged. "Too often," he maintained, "the agent will disregard what the applicant tells him by saying it is merely a sign of old age. By the number of complaints that hobble into the department, I've often felt that we should require an eye test for all A. & H. agents."

The commissioner told the companies that if they are not going to require a

physical examination or will not underwrite the risk at the time of application, then they must require that their agents perform some underwriting department duties. The use of a more exhaustive application, more complete in its coverage of past medical history, he asserted, would eliminate many "undesirable risks which are canceled now when a claim is presented."

### Raise Standard of Agents

In order to do this Mr. Sullivan said that it will be necessary to raise the standard of the agents, "for no matter how exhaustive the application is, if agents continue the practice of running through the application as if it were a speed test, its value is destroyed."

Mr. Sullivan concluded by stating that his suggestions "may not be the answer." However, he added, "when considering the caliber of men with which you are staffed, I feel confident that if you will face these problems, both individually and collectively and realize that only you can correct the situation, then the job will be more than half complete."

## O'Connor Tells Economics Society's Accomplishments

In his talk at the conference meeting, E. H. O'Connor, managing director of Insurance Economics Society, described the activities and accomplishments of that organization since its reactivation in 1942 as a means of concentrating the efforts of the insurance business on the growing problem of government encroachment in the field of insurance. He declared that these accomplishments and its progressive program for the future entitle it to the financial support of every company in the business.

Mr. O'Connor reviewed the development of the theory that personal security is in some way a right of citizenship, the 1951 expansion of the social security act and the recent unsuccessful efforts to extend it still further; the enactment of compulsory sickness insurance laws in various states and the fight for them in other states, and the way in which the society has combatted all these moves.

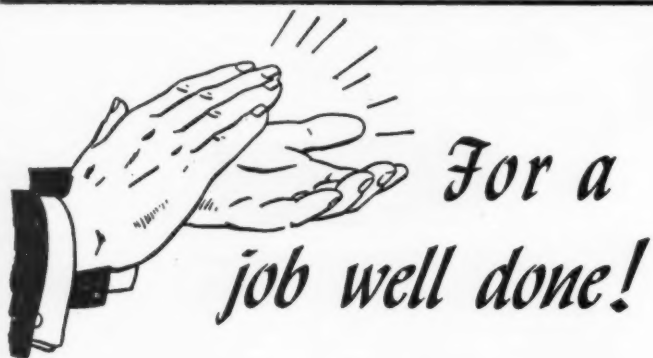
"During the past 10 years we have carried out the aims and purposes of the society so that today it is the only organization of its kind in the country vigorously supporting the principles of voluntary enterprise in the accident and sickness industry and defending those interests against monopolistic intrusion by government—federal and state," he said.

### "Rocking the Boat" Feared

"In the early 1940s it required more than a little courage to take to the platform and discuss the less rosy aspects of compulsory social security proposals at a time when few wanted to listen and many were outright in their resentment of any critical opinions, however soundly based; when some insurance executives expressed the fear 'we might rock the boat' and cause serious repercussions to the business, and others expressed that hopeless phrase 'you can't stop the government—it is inevitable.' It is a great source of satisfaction to look back on the accomplishments of 10 years, and a tribute to the dogged determination and farsightedness of the chief executives of the companies who have supported the society since its reactivation."

He emphasized that expanded social security and compulsory sickness insurance proposals, both federal and state, have been and still are serious threats to the life and accident and sickness business. "We must avoid compulsion; we must continue to fight to maintain our business as a free and competitive enterprise with our freedom unshackled."

San Francisco A. & H. Managers Assn. will hold its annual golf tournament and outing June 13 at California Golf Club.



The Health and Accident Underwriters Conference can take a bow on the fine program presented at the fifty-first Annual Meeting—adding another milestone of progress in the Accident and Health business.



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In clearly written, understandable language, Mutual Of New York's Accident and Sickness contracts bring these extra-liberal benefits to the public—and extra opportunities to field underwriters!

## Accident Benefits

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Up to \$400 monthly income—even for life (if elected by policyholder).

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1. 50% monthly income for 6 months.
2. *Guaranteed* minimum for certain fractures and dislocations (not elective by policyholder).

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Up to \$3,000.

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Up to \$25,000—one payment or as monthly income.

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- Participating policies
- Renewable annually—level premiums
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- House confinement never required
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1. Monthly income up to \$400 for 12 or 24 months.
2. No probation period; 3-, 7-, 14-, or 30-day elimination period.

## Care and Treatment Benefits

### Hospitalization expenses:

1. Room and board up to \$12 daily for 90 days.
2. Miscellaneous expenses up to 16 times daily room rate.

### Surgery and anesthesia expense:

Up to \$300, plus as much as 10% of surgical benefits for private anesthetist.

### Physician expense in hospital:

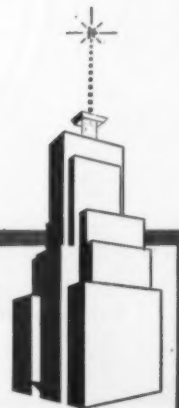
Up to \$150.

### Nursing service expenses:

Up to \$300.

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## Harold Gordon Award Winner Is C. M. Daniel

C. M. Daniel, actuarial rate analyst of Hardware Mutual Casualty, was awarded the first Harold R. Gordon memorial award at the annual meeting of Health & Accident Underwriters Conference at Denver.

Mr. Daniel was presented a check for \$500 by Jarvis Farley, Massachusetts Indemnity, president of the conference.



C. M. Daniel, actuarial rate analyst of Hardware Mutual Casualty, winner of the Harold Gordon memorial award, at Conference meeting with two members of the award committee—J. W. Scherr, Jr., secretary of Inter-Ocean, and E. J. Faulkner, president of Woodmen Accident.

The award was based on the paper submitted by Mr. Daniel on "Group Rate-making for Small Carriers."

In addition to the first prize, the following honorable mention awards were announced:

John S. B. McGuinness—student at the graduate school of business, Stanford University.

David L. Bickelhaupt—student at the graduate school of business, Columbia University.

Miss Marjorie Rea—underwriting department of Ministers Life & Casualty Union, Minneapolis.

Richard H. Harris—graduate student in psychology, University of Oklahoma.

### Notes Small Companies' Problem

In his thesis Mr. Daniel points out that "group insurance at the present time is characterized by a lack of standardization, with each company differing from its competitors quite markedly in one or more respects. The types

of risks written, coverages offered, administrative methods, claims settlement practices, and many other major aspects are widely variable. This lack of uniformity discourages the formation of rating bureaus, leaving each company no alternative but self-rating, and creates a very real problem for the smaller company.

"The crux of the difficulty is the expense of establishing and operating a complex and rapidly changing coverage situation. In addition to the primary problem of expense, the small carrier frequently lacks sufficient experience to yield reliable statistics for many of the coverages for which rates are needed. Confronted with these difficulties many small carriers come to the conclusion that rating group coverages is a judgment process applied to the known rates of a successful competitor." His study outlines a statistical ratemaking method suitable for smaller companies.

Mr. Daniel attended Rensselaer Polytechnic Institute for one year. In 1941 he entered the coast guard academy at New London, Conn., from which he graduated a marine engineer. After his release in 1947, he taught school for one year and then studied at the State University of Iowa, receiving a master's degree in mathematics in 1950. For a time he was an actuarial trainee with Metropolitan Life, and joined Hardware Mutual Casualty in 1951.

Judges in the competition were C. A. Kulp, professor of insurance at University of Pennsylvania; Wallace L. Clapp, associate editor of the Eastern Underwriter, and E. J. Faulkner, president of Woodmen Accident.

The committee directing the competition included J. W. Scherr, Jr., Inter-Ocean; C. O. Pauley, managing director of H. & A. Underwriters Conference, and Mr. Faulkner.

### Plan Group Rate Study

The report of the group committee, presented by Darrell O. Smith, American Casualty, chairman, recommended that during the coming year that committee make a study of group rates used by the companies, together with plans for dividends and experience credits, so that any company may find in the conference office full information along those lines.

Mr. Smith also reviewed the very successful meeting held by the committee at Chicago in February, the primary theme being "The Fundamentals of Group Insurance." The committee has 35 members, divided into five sections—association group, blanket, compulsory cash sickness, franchise and industrial—with a vice-chairman for each.



Mrs. James R. Williams, whose husband is assistant director of H. & A. Underwriters Conference; Mrs. Roy A. MacDonald; Roy A. MacDonald, conference assistant director in charge of group and underwriting, and Eugene Taylor of National Life & Accident, at Conference annual meeting.

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## ERNST Mal Job

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## ERNST SPEAKS FOR AGENTS

# Make A.&H. Salesman's Job One for Career Man

Carl A. Ernst, North American Life & Casualty, St. Paul, president of International Assn. of A. & H. Under-



Carl A. Ernst

writers, addressing H. & A. Underwriters Conference at Denver, told the company executives that the undesirable salesman can be eliminated or the salesman who is doing the wrong kind of job can be straightened out if they want to make such changes, by seeing to it that agency activities are designed for career men.

Disability insurance is equal to life insurance in importance, and Mr. Ernst said there must be a reorientation of thinking so that when the human life value problem is in question, disability insurance automatically comes to mind. For too long a time, thinking has been in small terms. The business has been satisfied to handle minor losses and talk about \$100 and \$200 monthly incomes for short periods with low maximum benefits. While these items are important, much more thought should be given to "package planning assistance," when disability strikes. This is something the business must be able to offer, he declared.

### Raise Selection, Training Standard

The companies, he said, must accept the challenge of providing the salesmen in the field with the type of advertising

which is important to the survival of the A. & H. business. The leadership and direction must come from management.

"We must raise the standard of selection and training of men who market the product," Mr. Ernst asserted, adding that there has been a good deal of conversation on this subject and yet his own observations show that there are still too many of the wrong type of person being indoctrinated into the A. & H. field. The thinking must be on the basis of career men instead of "hot shots" and barnstormers, through whom too much of the disability, hospitalization and all of its allied companions are now sold.

The reaction of the public to the business is chiefly the reaction of each individual to the agent who sells him the policy, Mr. Ernst stated.

### Minnesota Complaints Analyzed

Mr. Ernst said he visited the Minnesota department and looked at the complaint files for all types of insurance. Accident and health has more complaints than all other classes of insurance put together. Many of the people who had filed complaints were contacted by Mr. Ernst's office and it was discovered that:

—89% of the complainants were bitter toward all A. & H. insurance and were of the opinion that it was nothing but a gyp.

—94% of the business on these complainants was sold by agents who are not now in the insurance business.

—98% of the complainants were unable to find the agent when their claim occurred.

—91% of these people felt that the government should take over the insur-



Jarvis Farley, secretary and actuary of Massachusetts Indemnity, outgoing president of the conference; Mrs. Farley; Frank L. Harrington, president of Massachusetts Protective, a past president of the conference; Mrs. C. O. Pauley; Mrs. Frank L. Harrington, and C. O. Pauley, conference managing director.

ance business, or at least should regulate it directly.

If a good career agent had been on the job, 78% of the business on these complainants would never have been issued or applied for, because the salesman would not have submitted the application as he did, Mr. Ernst said. He added that 54% of the business would have been ridered or waived. In that percentage of the complaints, the claim was denied because of preexisting conditions, and Mr. Ernst charged that this was the fault of the agent who said, "We pay for everything," asked no health questions, and if he did, didn't put the proper answer down.

Mr. Ernst laid many of the troubles of the business to physical and mental

laziness. He said that physical laziness comes about "when the volume of business becomes so sufficient that it has attained the figure that you hoped it would when you laid your plans some five, 10, 15 or more years ago. As soon as you reach that crest or go beyond it, you automatically begin to become self-satisfied and say you have done your part; your goal has been accomplished, and automatically all of your activities begin, whether you realize it or not, to slough off and you won't find new things or new adventures."

"This brings on mental laziness," he added, "which results in the design of the policies being brought out turning

(CONTINUED ON PAGE 15)

**it takes four**

You'll sell more,  
when you sell *four*;  
especially . . .

*Hearts, Diamonds, Clubs, Spades*  
—it takes *four* suits to complete a deck.  
It takes *four* types of insurance  
to complete an insurance agent's service,  
with today's ever-increasing demands  
for personal protection.

Look into INTER-OCEAN's Four:  
Life, Disability, Hospital, Medical Expense.  
And all four can be offered four different  
ways: Weekly Premium, Ordinary,  
Commercial A & H, Group. Four plans,  
*four* ways. That's Inter-Ocean!

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- DISABILITY
- HOSPITAL
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INTER-OCEAN INSURANCE COMPANY • Established 1903 • Cincinnati 2, Ohio

**I**N the last half of 1952, our Company adds its name to the growing list of those entering the disability insurance business.

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SICKNESS AND ACCIDENT DISABILITY INCOME

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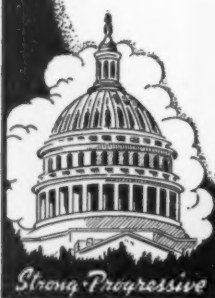
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Policies . . . Hospitalization Policies . . .  
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CHICAGO, ILLINOIS

## Group Situation Serious; Much Blame on Companies

The situation in the group insurance business is serious, but in many respects the companies have no one but themselves to thank for it, J. E. Hellgren, vice-president and A. & H. department manager of Lumbermen's Mutual Casualty, said in his address at the H. & A. Underwriters Conference meeting at Denver.

In the last 20 years group insurance has grown by leaps and bounds and many companies took the course of least resistance, writing only lines that were the most profitable. Little or no attention was paid to non-profit plans as they gained their first foothold. Little attention was paid to the first state compulsory law until it was in existence, and even then many companies did not attempt to compete with the state and left that job to just a few.

Ironically, Mr. Hellgren said, those companies that did not participate may look back today and say, "I told you so, we were smart in staying out," adding that under the UCD law the problem of constantly increasing benefits, controlled by the state, is such that private group A. & H. in California may soon be a thing of the past.

### Loss Ratios Fault of Insurers

"As far as current group loss ratios are concerned, we can have only ourselves to blame," Mr. Hellgren said. Any underwriter or producer has seen the cost of medical care soar. He remarked that if an automobile company sees costs rising it takes action to try to get a rate increase, but in the group business until very recently nothing has been done about rising costs, and it has been only in the last few months that one or two companies have taken any over-all action.

"Instead of facing the problem squarely and increasing our rates, especially on hospital and surgical plans, we attempt to underwrite more carefully or we weed out a few large cases that have developed bad loss ratios, still hoping our rate structure will stand up," he said. "Perhaps they will stand up, but in my opinion you can't buy an 80-cent article for 60 cents."

### Greed for "Name" Cases

The greed for "name" cases which the companies seem to want on their books regardless of cost is one of the reasons for the cycle of high loss ratios, according to Mr. Hellgren. He said that he does not understand why the companies fight for a jumbo risk when all sound underwriting points to a potential loss. "A large case with 110% loss ratios results in a larger loss than a small case with the same loss ratio," he observed, adding: "Yet I have seen case after case canceled by the insuring company only to find another company ready and willing to take that same case, at the manual rates, even when furnished with the loss figures."

He took note of the arguments that the insurer already has the compensation line so must get the group line, or has the life portion of the business, and that will help out, and admitted there is pressure from the field that goes into the problem. In a casualty company this takes the form of wanting to protect the other lines from competition, but he asserted that sooner or later the companies must correct the present set-up, under which an employer can shop for a plan from year to year, regardless of his loss experience; take on a new company and leave the previous company not only with a terrible loss ratio but with extended coverage which on a large case may cost thousands of dollars. The extended benefits are posted against an already bad loss ratio and not a penny of premiums comes in to offset the losses from them.

Mr. Hellgren said he has seen cases in which the employer has said he will take the lowest bidder regardless. This

is done year after year, leaving as many as three or four companies with substantial losses. "By losses I do not mean losses after expenses," he explained. "I mean loss ratios of over 100% — claims paid against gross premium with no consideration for agents' commission, cost of handling, taxes or any other expense items."

In most cases the previous claim experience is available on request. Most companies honestly give their experience and this is especially true when experience has been bad, he said.

"I can't help but feel the problem is so serious that to not take over-all corrective action soon will reflect on the group industry," Mr. Hellgren stated. He suggested that the conference might want to consider a plan of keeping a record of groups developing bad loss ratios. It might be that the companies would report losses running over a 90% accumulative loss ratio where the annual premium is over \$25,000. The legality of such a proposal would need to be carefully examined, but he observed that information relative to individual risks is cleared through organizations whose practices are accepted as legal.

### Low Retention Serious Mistake

Retention programs where the insuring company agrees to carry the risk for sometimes as little as 4% is a serious mistake, Mr. Hellgren opined. He said he was not talking particularly about the amount, but about the system. These programs, he said, have created a feeling among larger employers and among unions that the insuring company can pay better than 10% in expenses out of 4% or 5% retention.

Mr. Hellgren observed about catastrophe medical insurance that the companies may be making a mistake in granting employers' requests for coverage without thoroughly exploring the claim potential. "Granted there is a need for some such plan, how do we get around the old group principle of insuring a large volume of employees for the lowest cost when we must admit these plans so far are primarily designed for the key personnel — the older and poorer risks."

The companies may be inviting more state regulation of group insurance when they arbitrarily let the business get where it has arrived today.

### Suggests Education of Employer

Within the companies, Mr. Hellgren suggested that there might be some education of the employer to the fact that, for example, the companies do not pay for routine chest x-rays. "The group policies I am familiar with were not designed to cover this cost," he said. "If you do you can estimate the result by adding \$3 to \$4.50 to every hospital claim." He said that several companies within his knowledge have not challenged claims where the condition causing disability was obviously pre-existing and where the employee did not enroll at the proper time and in turn furnished evidence of insurability. Where there is obviously a case of fraud, such a claim should be turned down, he said.

Some hospitals are openly taking advantage of insured patients, Mr. Hellgren charged. In some towns it is impossible to write unlimited or even high miscellaneous expense because the hospital will immediately abuse the plan. The company must be careful of a large case in a small town where there may be a tie-in between the plant and the hospital or doctor. In-hospital medical coverage is dangerous, he added, because it promotes hospitalization and convenient doctor visits while the patients are in the same hospital.

Mr. Hellgren said he was not making loose statements in order to color the picture, but that he has seen many examples of each of the abuses.

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## Right Home Office Attitude Can Make Agent's Job Easier

### C. W. Cameron Gives Company Executives Viewpoint of Field Force

The man in the field has plenty of problems without having difficulty in his home office transactions, C. W. Cameron, Oklahoma City, southwest division manager of North American Accident, told H. & A. Underwriters Conference at Denver in his talk entitled "How Do You Look to Your Field Force?"

Mr. Cameron mentioned four areas in which the home office people should be acutely aware of their dealings with the field force. Asking the executives if their attitude is right, he stated that whether a yes or no is given to a knotty field problem is not nearly as important as how it is said.

The attitude of the home office official or representative is important and the average field man likes to deal with a home office having the right attitude. Some home office representatives, Mr. Cameron said, are able to catch and hold a field man's confidence and good will with a minimum of effort. Others seem to make a special effort to hold the respect and confidence of the man in the field, but regardless of the amount of effort, somehow the agents do not respect and admire the home office official because of the lack of feeling of confidence and cooperation.

#### Man in Field Has Troubles

Insurance is not easy to sell, and Mr. Cameron said "nothing can be more discouraging to a man in the field than to have the home office official take the wrong attitude with reference to an underwriting problem, accounting problem, claim problem, or, especially, a commission problem."

In order for the field man to be successful and produce the right volume of the right type of business, Mr. Cameron said he must have just a little more than 100% cooperation from the home office "all up and down the line." It would be impossible to over-emphasize the value of cooperation between the home office and field, he said.

"Every day the thought passes through the mind of the man in the field: 'Will the home office cooperate on this or that?' Whether it is a special type of billing, or special policy, or any one of many things on which he might need some help or cooperation, if he feels that the home office will back him up and cooperate, he will normally and naturally do a better job and sell more business. If he feels that the home office is going to say 'No' to every request, he will become discouraged and will develop a feeling that sooner or later hampers and restricts his sales work."

#### Forced to Do "Double Selling"

Mr. Cameron said that when he first started with his company, his home office cooperated with him on a small problem that convinced him that as long as he was in the insurance business, he would stay with North American Accident. A new policyholder developed a hernia while lifting a heavy press at a cotton gin and needed \$25 immediately as an advance against the claim in order to pay a grocery bill. Mr. Cameron submitted the request to the home office and got the money immediately without the company waiting to determine the length of disability or any other matter.

Agents have a hard time when they are forced to do "double selling," Mr. Cameron went on. He said that more and more of the field men are heard to say: "I had a hard job selling the business and a harder job selling the company on the business." That is double selling, he explained, and he said that this complaint is heard from casualty men more often than from A. & H. or life men, and it is heard quite often in connection with group and franchise insurance. "If the attitude of the home office is right, and if the home office shows the proper spirit of cooperation, it is not too difficult to separate the good business from the bad business and sometimes it is even possible to revamp the questionable risk or group in such a way as to make the business attractive to the home office and profitable to the home office."

#### Explanation Eases Situation

If the field man submits a piece of business that does not come up to par, some home office officials simply say "No," Mr. Cameron commented, and others, keeping in mind attitude and cooperation, explain to the agent why the business is not good or why it cannot be handled on a certain basis, "and with a feeling of respect and confidence the man in the field readily understands

and appreciates the home office problem and is willing to pass up the business or revamp the proposition in such a way that everybody can be happy."

Mr. Cameron urged that only top-notch men be sent to pay agency calls. "Nothing gives the man in the field more confidence and respect for his company than to have the right type of home office representative pay a personal call from time to time," he observed, "whether it is an agency man, a claim man, or a representative from the legal or accounting department."

#### Need Over-All Picture of Business

The home office representative who makes the field calls should have a good over-all picture of the business, regardless of what department he represents, Mr. Cameron said. It is embarrassing to ask a claim man about an agency problem and get an answer such as: "That's another department and I know nothing about what those fellows do or how they do it." In addition to having a fairly good working knowledge of all departments, Mr. Cameron said it is important that the man who makes the calls should be sales-minded.

#### Memorials Are Adopted

Memorial resolutions were adopted for

13 officers of member companies who have died since the 50th anniversary meeting at Detroit: D. Edgar Stuart Mills, Central Standard Life; C. I. Buxton, Federated Mutual Implement & Hardware; John L. Fox, First National Casualty; Henry A. Converse, Inter-Ocean; R. F. Baird, Lincoln National Life; Lemuel G. Hodgkins, Massachusetts Protective; Dr. C. C. Criss, Mutual Benefit H. & A.; James R. Garrett, National Casualty; J. M. Peebles, National Life & Accident; Dr. R. P. McClain, Northwestern Life of Seattle; W. Keith Krop, Provident Life & Accident; Dr. Ira E. Hoffman, Western National; and Glen W. Harvey, Woodmen Accident.

#### Catherine Nachel Named As Assistant Secretary

Miss Catherine Nachel, who has been on the conference staff for more than 20 years, was promoted to assistant secretary at the concluding business meeting. Miss Nachel has been taking an active part in the conference public relations and publicity work in the past year or so as the duties of James R. Williams have been more concerned with the Health Insurance Council.

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**Hearthstone Insurance Company of Massachusetts**  
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**Members of the Combined Group**  
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## Ethical Standards Needed to Maintain Public Confidence

An appeal for maintenance of high ethical standards in the business was made by Jarvis Farley, Massachusetts Indemnity, conference president, in his address at Denver. He urged the company people to exhibit their confidence in the American economic system, and make their own businesses worthy of high honor, respect and confidence.



Jarvis Farley

Mr. Farley directed his talk to a general discussion of the national economic system. He mentioned that the government has assumed the power to make many important economic decisions, justifying this assumption by saying that government officials, being objective and free from selfish motives, can make the decisions more wisely and more consistently with the public interest. This has been going on for 20 years, and Mr. Farley observed that if there ever was an administration which had the opportunity to develop and apply the highest standards of public service, this has been it; and yet almost daily there is fresh evidence that the standards have not been achieved. "Is any further argument needed to refute utterly the concept of a benevolent government monopoly?" he asked.

### Free Market Best Protection

The lesson to be drawn, he pointed out, is the importance of a free market as the best protector of the people's economic interest.

Those in positions of business leadership may have a little difficulty in refuting socialist arguments to their own satisfaction, but Mr. Farley said that it is not enough for management to persuade itself; a foundation is needed for the confidence of others whose stake in economic freedom may seem smaller. To these people, the arguments of management may seem good and the socialist arguments weak only when business does a reasonable job of reconciling its practices with religious ethics.

The public cannot be persuaded to reaffirm its faith in private enterprise simply by reading a lot of advertisements, he said. Most of these are disregarded because they are obviously self-serving. The public must be allowed to make up its own mind, and people will choose a capitalistic system if they have confidence in it and in the leaders of the system. That confidence can only be gained by earning it, Mr. Farley declared.

He added that his remarks were in no way opposed to the new public relations development of Health Insurance Council. The facts about the business must be made public as a further basis of confidence, but any such program as the council may provide must be supplemented by business actions that gain the confidence of the public.

The greatest danger to the American economic system is lack of understanding of it and lack of confidence in it, he said. It is up to the leaders of business to help form the decision.

## May Enlarge Membership of Coordinating Body

The disability insurance coordinating committee in its report stated that the conference has maintained active contact with International Assn. of A. & H. Underwriters on a formal basis through the coordinating unit. From time to time the committee has counseled with other insurance trade associations.

At the one full meeting of the committee, members representing the conference and the association and ex-officio members and guests discussed at length matters relating to Health Insurance Council activities, the disability insurance sales course, agents' licensing legislation and the Lebbey-Gordon sales portfolio.

The joint committee was carefully briefed concerning the hospital admissions plans for group business sponsored by Health Insurance Council and the proposed individual admissions plan which had been successfully attempted in Birmingham, without industry blessing, and a similar plan which is now being tested in Columbus, O., on a formal basis. In these discussions ways and means by which the association and its locals can assist were clearly outlined and a pledge of complete cooperation was assured.

On behalf of the conference, the committee gave unqualified endorsement to DISC, which has been evidenced by participation by home office men in the implementation of these sales courses in several cities and at colleges and universities.

Other discussions centered around the general problem of public relations and the role to be played by the International association in industry programs, particularly as they may relate to Health Insurance Council activities. It was agreed that National Assn. of Insurance Agents, Life Insurance Agency Management Assn. and Life Insurance Assn. of America be invited to participate in coordinating committee activities. Life Insurers Conference, represented by R. W. Friedner, and National Assn. of Life Underwriters, represented by D. S. Walker, took part in and contributed materially to the deliberations.

Carl Ernst, North American Life & Casualty, president of the International association, was chairman of the group, and James R. Williams of the Conference staff acted as secretary-treasurer.

At Denver meeting of H. & A. Underwriters Conference: William G. Coursey, executive secretary of International Assn. of A. & H. Underwriters; Mrs. Coursey; Mrs. Ray French, Preferred Life, Tex., and Travis T. Wallace, president of Great American Reserve of Dallas.



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Some of the hosts to the conference gathering: Carl E. Lien, president of United American Life of Denver; T. A. Sick, president of Security Mutual Life of Lincoln, Neb.; G. A. L'Estrange of United American Life; C. J. Daly, president of Capitol Life of Denver.

## Agents' President Honored at Rally of Company Men

V. J. Skutt, president of Mutual Benefit H. & A., was host for the third year at a breakfast honoring the president of International Assn. of A. & H. Underwriters at the convention of H. & A. Underwriters Conference. Carl A. Ernst, North American Life & Casualty, St. Paul, was the guest at this affair, which was attended by more than 80. The group included three state commissioners, Laughlin of Nebraska, Sullivan of Kansas, and Taft of Wyoming.

Mr. Skutt observed that the purpose of the breakfast is to give recognition to the head of the association which has done the most to raise the standards of selling in the A. & H. field. The advice given by the speakers at the convention must receive its follow-through by the agents, he added.

Mr. Ernst spoke only briefly, noting that he was scheduled to deliver a full scale address at the afternoon session. He said the agents' association has had a good year, but it was possible only because of the help of the companies.

Jarvis Farley, Massachusetts Indemnity, conference president, also stressed the teamwork involved in home office-field operations, and praised Mr. Skutt for having at a meeting of home office people a special notice of the "other half of the team."

## Merger of Medical, Hospital Committees Considered

In its report the medical insurance committee mentioned the general meeting it held for conference members at Chicago in February in connection with the hospital committee in February. This preceded the annual group meeting and there were about 250 on hand.

The suggestion has been made from time to time that the hospital and medical committees be combined, it was

noted in the report of the medical committee, and those on the committee were polled on this question and recommended that the merger be undertaken during the next conference year. Mention was made in the report of the overlapping of functions and that surgical coverage generally is offered in connection with hospital as well as medical policies. The same companies are interested in the hospital, surgical and medical coverages, and there is feeling that a strong single committee could better plan the studies and programs in this field.

The hospital insurance committee in its report reviewed in great detail the February meeting at Chicago. It also mentioned the committee's decision to undertake a hospital insurance survey.

## Throgmorton at Okla. City

At the closing meeting of the season of Oklahoma City A. & H. Assn. Louie E. Throgmorton, vice-president and director of public relations of Republic National Life, spoke on "A. & H. Comes into Its Own."

"We are living in an economic period which makes earning power the major factor in meeting current problems," he said. He cited the amazing increase in disability as creating a commensurate growth in demand for A. & H. insurance, an opportunity the agent should not overlook.

Managers, general agents and agents of life companies that had recently entered the A. & H. field were special guests.

## Boyer Columbus President

Martin T. Boyer, Massachusetts Protective, has been elected president of Columbus (O.) Assn. of A. & H. Underwriters. He succeeds B. W. McIntyre, Mutual Benefit H. & A. G. B. Henderson, Henderson Agency, and Robert Burrows, Travelers, are vice-presidents, and U. E. Penwell, American Service Bureau, secretary-treasurer.

## Physicians in Oklahoma

Physicians Ins. Co. of St. Louis has been licensed to write A. & H. in Oklahoma. Clifford N. Wilson of McAlester was appointed general agent.



**Out in front** was the Pacific Mutual Accident Policy that paid \$50 to Claimant Number One when he crushed his hand in a freight wagon brake in 1885.

**Out in front** in 1952 is the Pacific Mutual SECURITY ACCIDENT POLICY, precision-tuned to pay today's claimant for all (accident) medical expenses up to \$2,500 PLUS monthly income as long as total disability lasts — even for life.

**Security Accident** is one of many new, streamlined Pacific Mutual Commercial Accident & Health Policies geared to current protection needs and modern programming techniques. They pay DOUBLE TRAVEL INDEMNITY—yes, double principal sum for commercial airline accidents.



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## Union Group Plans Outrun State Statutory Authority

Gordon C. Reeves, assistant general counsel Lincoln National, told the legal section of American Life Convention at Toronto that union-negotiated insurance and welfare plans have in some directions outdistanced statutory authority for making them effective. He traced the divisions of opinion between the various state legislatures, administrative officers, courts and the insurance leaders as to whether the public interest lies in expanding group definitions sufficiently to implement such plans. He expressed confidence that there will ultimately be an adjustment either in the statutory definitions or in the welfare plans, so that the coverage may be soundly written with profit to the insurer, the policyholder and the insured.

Mr. Reeves said there are rulings which demonstrated readiness on the part of several states to regulate interstate group cases. He feels that under existing authorities there is likelihood of such regulation being upheld.

He did observe, however, that notwithstanding the frequency with which group life coverages are combined with the A. & H. coverages, singularly few state statutes establish similar or identical standards of eligibility of the group. In fact in only one state, Iowa, are the definitions of eligible groups for both life and A. & H. combined in a single statute so the definitions are identical. He said that six states have no group A. & H. statutes and that in nine states and the District of Columbia, the only reference is a statement that policy provisions prescribed for individual A. & H. policies are not applicable to group policies issued to certain governmental branches and private employers.

### Wide A. & H. Statute Variance

In the remaining states there is some species of statute-defining groups eligible for A. & H. and in all states group A. & H. may be written covering employees of a single employer, although there is a wide variance as to minimum number of risks permitted and minimum percentage of participation. There are 11 states with authority for issuance to the trustees of a fund created by a single employer and 12 states which authorize policies to trustees of a fund established by two or more employers in the same industry.

Mr. Reeves described rulings in Georgia, Massachusetts, Ohio and Texas which bring into focus the question of extra-territorial regulation. The Texas board of commissioners ruled that if a group policy issued outside of Texas by a company licensed in that state insures any residents of Texas, the eligibility of the group must be determined by Texas law. This is basically the effect of the opinions by the attorneys general in Massachusetts and Ohio.

The opinion of the Michigan attorney general is to the effect that a foreign insurer issuing a group policy outside of Michigan under one of the trustee plans of insurance is doing business within that state if Michigan residents are included. The Massachusetts opinion raises the question of the applicability of the resident agent laws of the several states to interstate group insurance. The Texas rulings require that policy provisions of group policies issued outside of Texas by companies licensed in the state and affecting Texas residents must conform to the requirements of that state. Not only is this an extra-territorial regulation of an insurance transaction, Mr. Reeves observed, but seemingly it is a declaration that, as respects the conflicts of law, the Texas law must be applied regardless of the situs of the contract.

Mr. Reeves asked if each of the states other than the state of delivery of the policy could insist that the eligibility of the group be determined by its own laws. He said two situations arise, the

first where the insurer is licensed in each state, and then again where the insurer is not licensed in one or more of the states.

He said the Massachusetts, Ohio and Texas rulings are predicated upon the theory that a state under its police power having the right to exclude foreign insurance companies, may prescribe conditions of admission which prohibit the insurance of residents except in accordance with the laws of the specific states, even though the policies are issued and delivered elsewhere. The attorneys general of Georgia and Michigan have ruled that the activities constitute doing business within the state even though they are conducted outside the state.

Mr. Reeves observed that the original concept was that the regulatory statutes of a state have no extra-territorial effect.

Allgeyer vs. Louisiana represented the classic example that a state cannot regulate or interfere with the activities of a foreign insurance company. This concept, he said, gave way to one of "corporate presence" which in turn is now enlarged by the test of the state's purpose and interest in the subject with respect to which the extra-territorial regulation is developed. He said the attorneys general in Michigan and Ohio take the view that the Allgeyer case and the decisions which follow it have to be wholly abrogated insofar as it affects a state's power to regulate the activities of a foreign insurer.

### Present Drift of Decisions

He regards as the gist of the most recent decisions that the extent of the state's legislative and regulatory jurisdiction over extra-state contracts is determined by the degree of the state's governmental interest in the transaction. "So long as the U. S. Supreme Court continues to play its role of self-denial under the due process clause, the states where the insurer or insured reside or where the contract is made can assert their interest even to the extent of enacting inconsistent regulations. The residence of trustees of a welfare fund, the domicile of an employer or residence of an insured employee are sufficient minimum contracts to permit regulation and each state may require an insurer licensed in such state to conform its group life policy to the legibility standard prescribed by it," he declared.

Mr. Reeves said there remains a question of whether an insurer issuing a group policy covering the group described would be doing business in states other than that of the delivery of the policy, if not licensed in such states.

The courts may not apply established and familiar rules to unusual group situations and have given some indication of applying new concepts to the problems, Mr. Reeves stated. It is fairly generally held that a group policy issued to a single employer at his principal office does not develop sufficient contacts



J. M. Penrith, United of Chicago; James Wickham, Mutual Life of New York, and Joseph W. Scherr, Jr., of Inter-Ocean, at cocktail party opening the conference meeting.

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Agency Vice-President

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within the state in which the employer maintains a branch to support holding that an insurer is doing business therein, and it may be reasoned that these conclusions are equally compelling in the trusted group situation. He commented, "However, it must be recognized that neither the courts nor the state regulatory body may be as sympathetic toward a trusted group, and if either wish to develop contacts of the insurer with a state, they may do so with greater ease than in the employer-employee group situation."

He reported that the attorney general of Massachusetts has seized upon the resident agent law as a means of ruling against the validity of a group policy issued and delivered in another state by a company licensed in Massachusetts covering employees of employer members of an association, some of which were domiciled in that state.

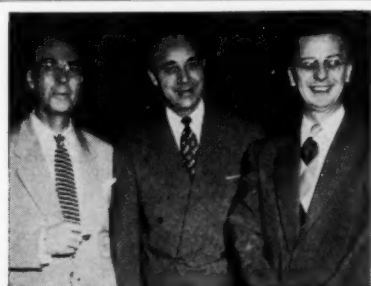
## Hospital Economics Must Be Explained to Insuring Public

The rapidly rising cost of hospital prepayment has brought the economy to necessity for a decision whether to make comprehensive prepaid hospital care generally accessible or to retreat toward fewer benefits and fewer prepayment plans, Harry Becker, associate director of Commission on Financing Hospital Care, declared at the Convention of Western Hospitals at San Francisco. Making hospital prepayment truly comprehensive calls for aggressive and intensive public education on the reason why it is an essential consumer expenditure and this is the only route that can honestly be taken. He told the hospital administrators that valid assurances must be given the public that the hospitals are finding ways for increased

efficiency and improved provision of health service.

Mr. Becker said that the cost of hospital care per patient per day for the country as a whole will continue to rise at about the same rate. This will mean that the daily cost of hospital operation may be as much as 20% or more higher in 1954 than it is today and the monthly charge for prepaid hospital care may be expected to rise even more. He indicated that even though the cost of living should level off or drop, the cost of hospital care may still continue upward because the factors are only partly related to the cost of living. The cost of the fight to bring bed supply somewhere near demand will be continuous regardless of economic fluctuation.

Looking ahead 10 years, he indicated that hospital income will become almost entirely prepaid.



Tom R. Wyles, Jr., A. & H. manager of Capital Life of Denver; P. G. Korn, vice-president of National Casualty; Billedward Howland, group actuary of Mutual Benefit H. & A., at conference annual rally.

Insurance Women of San Antonio elected these officers: Mary Vineyard, Frazier & Saur, president; Fran Emerson, Piper-Stiles & Ladd, and Ruth Haller, Sergeant, Duncan & Rine, vice-presidents; Ellie Fritz, James B. Roark agency, and Catherine Radke, Catto & Catto, secretaries; Betty Fuchs, Loyalty group, treasurer

## Metropolitan Life Blazes Medical, Surgical Trail

Metropolitan Life is bringing out a family policy combining benefits for hospital room, board and services, surgical operations, physicians' attendance in the hospital, maternity and treatment for poliomyelitis. The policies for individuals include all-these benefits except those for maternity.

The policies will be offered with a choice of three schedules of benefits, or plans. For example, the daily hospital room and board benefit under plan I is \$7.50 for adults and \$6 for children; plan II, \$10 for adults and \$8 for children; and plan III, \$15 for adults and \$12 for children; while the maximum benefits for surgical operations are \$150, \$200, and \$300, for the respective plans. Corresponding schedules of benefits are set up for the other services under each plan.

Premiums on individual policies will be determined by the age and sex of the insured and the schedule of benefits selected; while premiums on family policies will depend on the ages of the parents, the schedule of benefits selected, and the number of children included for coverage. Children between the ages of 14 days and 18 years are eligible.

Premiums on family policies may be paid on a monthly, quarterly, semi-annual or annual basis, and quarterly, semi-annually, and annually on individual policies.

In cases where the head of the family is not eligible for insurance, the rest of the family can still be covered by a family policy. Working wives or widows acting as heads of families also may obtain family policies.

Metropolitan's entry into this field "can be regarded as a major step towards greater security for American and Cana-

dian families," President C. G. Taylor, Jr. declared. It benefited from its own experiences in first insuring its employees and their families for benefits of this character, which it has been doing for many years.

The families of nearly a million employees of U. S. and Canadian firms are insured against hospital and surgical expenses under Metropolitan group contracts.

## Donovan Heads Texas Group

R. B. Donovan, vice-president of United American, has been elected president of Texas A. & H. Claims & Underwriters Assn., to fill the unexpired term of G. T. Delahunty, formerly of Dallas, who resigned when he moved to Chicago. Mr. Donovan formerly was vice-president of the organization, which has voted to expand its activities to include representatives of all Texas companies providing A. & H. coverage.

Robert R. O'Haver, Southland Life, is the new vice-president, and Miss Doris Bates, Reserve Life, is secretary-treasurer.

## Cravey Argument June 13

June 13 is the date on which the motion is to be heard in behalf of Commissioner Zack D. Cravey of Georgia that he be dismissed as a defendant in the \$30 million damage case brought by Bankers Life & Casualty of Chicago in the federal court at Miami. Mr. Cravey asks for dismissal on the ground that as a citizen of Georgia, he cannot be directed to appear in Florida to stand trial.

Charles P. Kuffel of Indianapolis, special agent of American, spoke before South Bend-Mishawaka Assn. of Insurance Women on extended coverage and additional coverage contracts.

Springfield (Ill.) Insurance Women have elected Ruth Smith, president; Mabel Haley, vice-president; Patricia Maloney, secretary; and Wanda Padgett, treasurer.

## Health Insurance Council Now Official PR Spokesman

The work of the public relations committee, that group's report stated, has been primarily with the Health Insurance Council, culminating in the acceptance on the part of the council of the role of active public relations spokesman for the health and accident business. Prior to this, a special committee of the council studied the matters affecting this decision and made the recommendations to the council upon which the acceptance was based. For some years the public relations committee has been trying to achieve this result, recognizing that the proper spokesman for the business should be outside of any individual trade association.

The Health Insurance Council, the committee said, is the proper vehicle for this work. The committee is to be available for advice and consultation on the activities of the council.

While these negotiations were in process, the activities of the public relations committee were concentrated in that direction with the result that public relations work within the conference was curtailed. It is planned to rejuvenate the public relations "Bulletin," and it will be issued quarterly, expanded somewhat, and made even more useful source of public relations material.

### Many Visitors at Denver

Four insurance commissioners and representatives of eight insurance and medical organizations were on hand for the meeting of Health & Accident Underwriters Conference at Denver. The commissioners were Sullivan of Kansas, president of National Assn. of Insur-

C. C. Fraizer, general counsel of the conference; T. Leslie Kizer, president of Central States H. & A. of Omaha; Mrs. Watson Powell, Jr., and Watson Powell, Jr., executive vice president of American Republic of Des Moines.



ance Commissioners; Mitchell of South Dakota, Taft of Wyoming, and Laughlin of Nebraska.

The other organization guests were Howard Brower of American Medical Assn.; Donald Taylor of Iowa Medical Society; Neil Brown of Hartford Accident, chairman of the governing committee of Bureau of A. & H. Underwriters, with J. F. Follmann, bureau managing director; William G. Coursey, executive secretary of International Assn. of A. & H. Underwriters; E. H. O'Connor, managing director of Insurance Economics Society; Fred Peirce, of Life Insurance Agency Management Assn.; James Andrews of Life Insurance Assn. of America, and A. L. Kirkpatrick, insurance department manager of United States Chamber of Commerce.

## Urges Career Job for A. & H. Agent

(CONTINUED FROM PAGE 8)

out to be very similar to those of other companies."

"I so many times have the feeling—and I gain it from men out in the field—that so-and-so's policy was copied," Mr. Ernst said. "That is not a healthy situation when you meet salesmen on the street, in meetings and other places who say, 'Our policy is just like theirs, only it costs 5% less,' or 'Our benefits are 5% more.' I ask you, why was that second policy ever brought out on such a basis and through what medium could the premium have possibly been less or the benefits more, if all people were realistic with each other and themselves?"

For as long as he can remember, Mr. Ernst said all the teaching in life insurance has stressed: "Sell the prospect what he needs regardless of the commission."

### Profit Is First Concern

"That fundamentally is sound," he agreed. "Commission is the salesman's profit but, do companies design merchandise on that same basis? Do you bring new policies out with that thought in mind? I don't think so. I think profit is your first concern. What's good for the goose ought to be good for the gander."

"Practical imagination" is needed, he asserted. The good salesman, the man who has in the past and is still giving good quality production is the poorest paid man in the company. He talks to hundreds of people each year who badger him, criticize, ride herd on him and all the other things that the home office man is sheltered from, and he gets no thanks and perhaps less pay.

Mr. Ernst suggested that it might pay for the president or vice-president of a company to make some leisurely visits to the agencies where he might hear at least one side of a telephone conversation in a branch office or hear what policyholders had to say at the counter. This might be an eye-opener, he said.

The agent must be looked to as more than just a salesman, and more than just a representative of a company, Mr.

Ernst said. He is an individual business man who is supposed to be responsible for his own success or failure and limited only by own abilities. But where there is no guidance and assistance, even though the incentive may be there, there cannot be any progress.

In urging the companies to take the lead in training the salesmen and educating the public, Mr. Ernst said that it must be shown that the rent has been paid, the groceries bought through A. & H. insurance. "It behooves every one of us to take inventory of the operation of our own plant," he continued, "be it a large one or the smallest one. We must begin to redesign all of our activities and all of our work habits to one definite, pointed and distinct attitude. That is, a new application of A. & H. insurance to an old existing market which must be reoriented."

He told the company men that the men in the field repeat almost verbatim statements that executives of companies make to them in general conversation. It is surprising, he remarked, how much more often statements are repeated that are said in conversation than are those given from the speaker's platform. With this in mind, he urged an offensive point of view in these discussions, with the company people affirming their belief in the A. & H. business.

In the early part of his talk, Mr. Ernst described the activities of International Assn. of A. & H. Underwriters, and said that a good deal of the success of this organization is due to the co-operation it receives from the companies.

## Underwriting Forum Almost an Institution in Itself

The underwriting forum sponsored by the underwriting committee of the conference has become almost an institution in itself. J. M. Wickman, Mutual Life of New York, stated in his report at the conference meeting at Denver.

The underwriting committee had two regular meetings last year, at Chicago in November the day prior to the underwriting forum, and a breakfast meeting during the hospital-medical-group meeting in February.

Registration at the underwriting forum last fall was 251, a new high. In view of the great interest in this activity, it was decided to lengthen the program, and this year the forum will be arranged to cover 2½ days.

The subcommittee working on revision of the conference classification manual expects to have a rough draft of a new manual by the middle of June, and may have the completed manual perhaps by the time of the underwriting forum, which will be at Cincinnati Sept. 23-24.

## Miller St. Louis President

Hal B. Miller, Mutual Benefit H. & A., was elected president of A. & H. Underwriters Assn. of St. Louis at its annual meeting. He succeeds John A. Dugan, General American Life.

Joseph A. Redel, Columbian National Life, was elected vice-president; Ray Macher, Occidental Life of California, secretary, and Edward McCullom, American Life & Accident, treasurer.

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The Company's 69th Annual Statement, issued December 31, 1951, lists:

Admitted Assets.....\$ 4,227,119.82

Unassigned General Surplus.. 600,317.13

Life Insurance in Force..... 68,621,312.00

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# Robert R. Neal Chosen President of H. & A. Conference

(CONTINUED FROM PAGE 1)

Protective, a past president of the conference. Mrs. Farley also was brought into this ceremony, being given a bouquet of roses by Robert Neal.

Mayor Quigg Newton of Denver, introduced by Thomas F. Daly, Capitol Life, gave the official greetings, and Henry Reese of the Colorado department substituted for the ailing Commissioner Luke Kavanaugh in introducing Commissioner Frank Sullivan of Kansas, president of National Assn. of Insurance Commissioners, who in his talk on "Growing Pains" was sharply critical of many of the advertising and selling methods of the A. & H. business.

## "Wonderful Job" Done

Mr. Sullivan prefaced his comments by saying the companies have done a "wonderful job" in providing A. & H. insurance to the people. The grievances he mentioned, he said, were those things causing several of the insurance departments to hire two or three extra men to answer A. & H. complaints. Improper selling, he asserted, is the cause of a good deal of sentiment against commercial A. & H. insurance.

C. O. Pauley, conference managing director, instead of delivering his prepared report offered a rebuttal to Mr. Sullivan. He noted the great increase in A. & H. business last year, 27%, and explained that the companies have a difficult time securing sufficient personnel even to process this volume. The companies face the double problem of being attacked by some in the government for not doing a job, and by others for, while attempting to do it, not doing it well enough. The only answer to this, Mr. Pauley declared, is to insure so many people and convince so many people that the companies can do the job, that the agitation for federal insurance will die.

Relations with insurance departments are good, Mr. Pauley said, and on the score of complaints against A. & H. companies, not so much is heard as was a few years ago. He estimated that only about one of every four to five thousand policyholders goes to the department, remarking directly to Mr. Sullivan that he never hears from those 5,000 people who are satisfied with their insurance.

## Recalls Earlier Days

The conference is constantly urging its companies to do their best to return to policyholders as much as possible of the premiums paid, but Mr. Pauley observed that he is one of the few "old timers" left in the business who can recall the bad days, as, for example, the influenza epidemic during the first war. Only about half of the commissioners who attended the Quebec meeting two years ago are still in office, he said. In the early 1930's, he added, many companies felt they were in the unemployment rather than the A. & H. insurance business. The companies can't go much higher with their loss ratios, he said. They must have something in reserve to weather the stormy days.

## Spotlight on Level Commissions

To Mr. Sullivan's suggestion that many of the selling evils could be eliminated by the payment of level commissions, Mr. Pauley commented that the entrance of the life companies into the A. & H. field has put the spotlight on this problem. The tendency is to high first commissions with lower renewals, this being the life company practice. Many of the companies, however, are still paying level commissions, he noted, adding that he was simply reporting, not recommending.

The third speaker at this session was

Jarvis Farley, conference president, who gave an excellent paper on the responsibilities of management.

G. A. L'Estrange, United American Life, chairman of the convention committee, presided at the luncheon the first day, at which a talk was given by William J. Grede, president of Grede Foundries, and president of National Assn. of Manufacturers. He was introduced by Carl Nordgren, chairman of United American.

C. W. Cameron, southwestern division manager of North American Accident; Harry Becker, and Ralph T. Heller, second vice-president of Prudential, were speakers at the afternoon meeting. Robert R. Neal, executive committee chairman, was in charge.

Mr. Cameron, in his talk, "How Do You Look to Your Field Force?" gave some suggestions on how the home office-field relations might be cemented.

There was considerable comment on the talk of Mr. Becker. As associate director of Commission on Financing of Hospital Care, he will be in greater or less part responsible for the report of this group, expected in a year or 18 months. Many of those in the audience, recalling his former championing of socialized medicine and his part, while with United Auto Workers-CIO, in reducing net retentions on group insurance, were hostile.

## Varied Reaction to Becker

The reaction to Mr. Becker's talk was varied. Many were agreed that they were unable to follow his arguments, feeling that he used a large number of words to say very little. Mr. Becker, being addicted to using what is sometimes called "gobbledygook," did often beat around his points for several minutes, and once in a while,

possibly because of his audience, never arrived. However, after attempting to demonstrate that his thoughts were in general agreement with those of the company people, he said he would like to see 90 to 95% of the population having "prepayment" for hospital care within the next 10 years. He explained the makeup of the hospital cost study commission, and told how it is going about its work.


An allusion to the importance of having Mr. Becker on the program was made by Mr. Faulkner in his summarization when he said that in its search for means of covering all the people the business must listen to all opinions and work with all groups interested in the same purpose.

Mr. Heller in his discussion of "Some Problems of Health Insurance" stressed that the companies must realize that their business is only a part of a greater whole of the medical-hospital problem of all services to all people, and the insurers cannot do the job independently of what government, labor or other groups are doing. The insurance story must be told more effectively, he added, with the comment that no company can even attempt to do this on its own.

## Discussed Impaired Risks

On the second morning W. J. McGettigan, vice-president of Security Life & Accident, talked on "Income Insurance for Physically Impaired Applicants"; J. E. Hellgren, third vice-president of Lumbermen's Mutual Casualty, had as his subject, "Where Is Group Insurance Headed?" and A. N. Williams, Sr., president of United States National Bank of Denver, discussed "America at the Half Century."

To open the afternoon session the second day, Jarvis Farley made the presentation of the first Harold R. Gordon memorial award to C. M. Daniel, actuarial rate analyst of Hardware Mutual Casualty. Mr. Daniel's paper, which won him \$500 plus all



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- Up to 9 Years Vested Renewal Commissions
- Lifetime Compensation
- Production Bonuses
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- Substandard Service
- Quick Sale Packages Plus The Famous "Insured Savings" Plan

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Cash Persistency Bonus  
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EXTRA recognition for current production accomplishments

**THE OHIO STATE LIFE**  
*Insurance Company*  
COLUMBUS 15, OHIO

Claris Adams, Pres.

Frank L. Barnes, 1st V.P. and Director of Agencies

expenses to attend the conference meeting, was entitled "Group Ratemaking for Small Carriers."

The speakers were introduced at this meeting by Mr. Neal. Talks were given by A. D. Marshall, assistant secretary of General Electric Co.; Frank L. Harrington, E. H. O'Connor, managing director of Insurance Economics Society, and Carl A. Ernst, North American Life & Casualty, president of International Assn. of A. & H. Underwriters.

#### Warns of ILO Plans

Mr. Marshall in his address, "Government Insurance by International Treaty," warned of the insurance proposals of International Labor Organization which would put the government in the insurance business in such a way as to practically exclude the life and A. & H. companies. Since these proposals are in the form of a treaty, if the treaty is passed by the Senate they would have the force of law, he explained, in urging the audience to help

combat passage.

Mr. Harrington combined with Mr. O'Connor in outlining why the companies should give full support to Insurance Economics Society. Mr. Harrington is president of the organization. He observed that just because insurance may be right is no guarantee it will continue or even stay in existence. The business must prove it is right, he asserted.

Mr. Ernst, after a brief description of International association activities, strongly advocated better selection and training of agents, so that the men in the field can regard their jobs as a career.

#### President's Reception Precedes Banquet

That night was the banquet, which was preceded by the president's reception.

The final morning, following the talk of Mr. Faulkner, was the business meeting and election.

For early arrivals Sunday, Colorado



Miss Katherine Meade, Loyalty group, Chicago; Dr. Neil Criss, medical director of Mutual Benefit H. & A.; Frank V. Cliff, president of Federal Life & Casualty.

## Great Interest in Becker's Talk

(CONTINUED FROM PAGE 1)

he is not concerned with the report itself, but with the group thinking process that will come out of it.

Expenditures for hospital care in 1952 will be at a record high, the speaker predicted, adding that over the next 10 years costs for hospital services will continue to go up, although perhaps not at the present estimated rate of 1% a month. There is nothing to indicate a leveling off of this trend. This is not bad of itself, Mr. Becker maintained, saying that it is merely a reflection of higher grade care for the people. Further, hospitals have lagged behind in their charges, and are catching up.

Higher standards of hospital care are something "we are trying to accomplish," Mr. Becker continued. This is part of the aim of democracy of achieving a higher standard of living for all the people.

An educational job has to be done, he said, the biggest part of it being in not restricting progress in an effort to keep costs level, but to provide for better utilization of hospital care. It is the job of the companies and of industry, he went on, to give leadership to set up methods for using hospital care to improve hospital care in an effort to improve productivity.

#### Questions Present Progress

Not as much progress in "prepayment" is being made as needs warrant, Mr. Becker asserted. He asked the company men if they are doing enough to put out "adequate benefits."

"Have we made as much progress in the last 10 years as we think we have?" he queried. As judged by the increase in population, adequacy of benefits, the needs of an aging population, and in relation to consumer income, the achievements may not be as great as some think.

Another big goal of Mr. Becker's is the development of more uniform hospital contracts. In Detroit, he said, there are 200 companies writing hospital insurance business, all of them offering different contracts, and he remarked that this is confusing to the public and the hospitals.

There should be a central agency for a better approach to this problem, he declared.



Robert H. Rydman, assistant general counsel of H. & A. Underwriters Conference; Mrs. Rydman; Homer Rose of the Nebraska department; Mrs. Lorin Laughlin, and Director Lorin Laughlin of Nebraska. Before joining the conference a year ago, Mr. Rydman was with the Nebraska department.

## Select Risk Means YOU

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*Our best wishes to the Health & Accident Underwriters Conference for continued success.*

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### Personal Accident Insurance— Health Insurance Hospitalization & Surgical Insurance DIRECT AT COST

\$92,000,000.00 Paid to Members Since 1883  
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Indianapolis  
Irvin A. We  
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president of

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Indianapolis group at Denver meeting of H. & A. Underwriters Conference: Mrs. Ivin A. Weaver; Mrs. V. M. Ray, whose husband is president of Hoosier Casualty; Mrs. A. J. Wregge; A. J. Wregge, secretary of Hoosier Casualty, and I. A. Weaver, vice-president of Secured Casualty.

## Conference Staff Reports on Year

(CONTINUED FROM PAGE 1)

dustry exceeding us in number of complaints."

A landmark was established in FTC jurisdiction by the entry of a stipulation with a small mail order company to the effect that it will stop certain practices. This was the first such case in FTC annals, he declared.

### Underwriting Report

In his report as assistant director, group and underwriting, Roy A. MacDonald said the conference file of specimen group and individual policy forms is being kept up to date, and it now comprises one of the most complete libraries of individual policy forms available.

The special risks committee has just completed another polio insurance survey, and Mr. MacDonald said the results will be beneficial to the members.

James R. Williams, assistant director, public relations, noting that about 70% of his time has been spent on Health Insurance Council activities, said the council is attempting to create a better understanding among doctors and hospitals on A. & H. insurance. Without a proper understanding of those who furnish the services for which insurance is purchased, the A. & H. business cannot take its place in a voluntary insurance system, he said. In order for the council to spearhead this area, Mr. Wil-

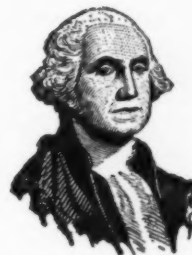
liams said the companies, as well as the trade associations, must put in some time and effort.

Robert H. Rydman, assistant general counsel, mentioning some insurance department problems, stated that there have been situations develop in several states "which we believe were ill-considered and which we hope will ultimately be changed. Among these situations are problems in Minnesota, Illinois (two or three recently filed rules), and Maryland (group approval requirements)." Several states have reconsidered issues which might have caused difficulties, he added, these including New York, Maryland, Missouri and Illinois.

### Rate Regulation Idea

"A serious situation which is slowly developing in some quarters," Mr. Rydman said, "is the belief that there should be regulation of rates in our business. This idea is believed to be caused by the lack of information on the history and development of rate regulation in other lines. There is a failure to grasp the fact that those lines exchanged and gathered information and statistics on an industry wide basis for the purpose of rate making and that sort of activity was felt to necessitate such regulation."

"They have also failed to understand the competitive reality which exists in the A. & H. field and its lack of statistical information in a rate making sense. Rather, there have been some who apparently believe that such regulation in other lines has sprung from a purely social need and that the A. & H. field is in the forefront of this social picture."



## "I'LL TAKE IT"

The prospect has the last word. Very often it is, "I'll take it," when Washington National representatives mention any one of three unusual coverages.

1. *Non-can hospital* (guaranteed renewable to Age 65) is something that sells, because people like the idea. It's a natural.

2. *Non-can. Monthly income* (accident and sickness) with no house confinement required, is responsible for large volume production.

3. *Single-premium vision impairment annuity* (monthly income for life when 90% of vision is lost) is a Washington National EXCLUSIVE which many persons buy who thought they had all the insurance they needed.

Washington National is a multiple-line *personal* protection company, writing life, accident, health, hospitalization, franchise and group. Complete details about our unusual coverages (as well as the standard line) will be given to qualified persons who are at liberty to inquire.

## WASHINGTON NATIONAL INSURANCE COMPANY

Evanston, Illinois

H. R. KENDALL, Chairman

R. J. WETTERLUND, President

G. P. KENDALL, Secretary

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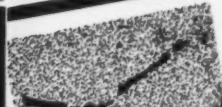
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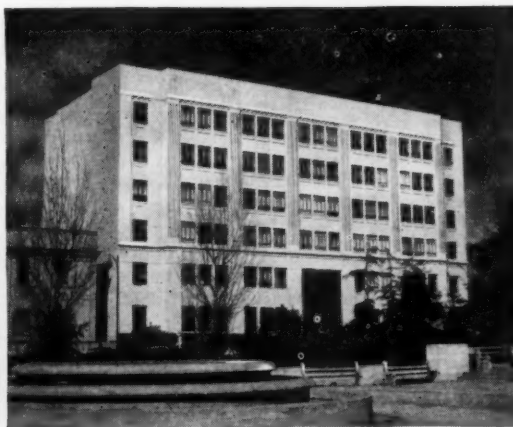


**To better serve  
over two million  
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*Home Office:  
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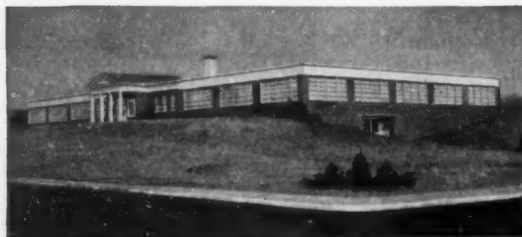
*West Central Office: Lincoln, Neb.*



*Western Office: Berkeley, California*



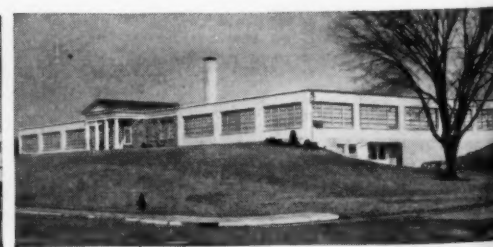
*North Central Office: St. Paul, Minn.*



*Eastern Office: Charlottesville, Va.*



*Texas Office: Dallas, Texas*



*Michigan Office: Marshall, Michigan*

## **State Farm Insurance Companies**

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## Casualty Writings Exceed \$6 Billion, Argus Chart Shows

**Premium Increase 20%—  
Underwriting Loss  
Amounts to \$88 Million**

The premiums written in 1951 on all classes of casualty business by 950 companies of all kinds reached a new high of \$6,207,782,184 according to the imposing array of totals in the new 1952 edition of the Argus Casualty & Surety Chart to be published shortly by The National Underwriter. This is to be compared with the volume of \$5,164,049,198 written by 937 companies in 1950, an increase in premium income of \$1,043,732,986, or 20.2%.

The stock companies produced a 10.9% gain to a high of \$2,804,866,439. Stock A. & H. companies including A. & H. departments of stock and mutual legal reserve life companies increased their premiums written from \$759,605,910 for 192 companies in 1950 to \$1,021,379,457 for 236 companies in 1951. This reflects the rapid increase in the number of life companies writing A. & H.

Mutual companies exclusive of A. & H. specialty companies had premiums written of \$960,266,716 at the end of 1951 as compared with \$896,285,436 at the end of 1950. The mutual A. & H. companies' premiums for 1951 were \$141,030,114 as against \$135,599,657 for 1950.

The premiums written by hospital and medical-surgical plans went from \$628,347,003 in 1950 to \$780,715,541 in 1951.

### \$88 Million Underwriting Loss

The higher loss ratios, particularly in A. & H., automobile, and workmen's compensation resulted in an over-all loss from underwriting by the 950 companies of \$88,372,321 in 1951, in contrast to the underwriting gain of \$305,890,722 by 937 companies in 1950.

The A. & H. premiums earned in 1951 by 502 stock companies totalled \$1,387,029,231 but produced a ratio of losses incurred to earned premiums of 69.4. This was influenced largely by group business with premiums earned of \$825,034,430 and a loss ratio of 84.8.

Automobile premiums earned by the stock companies were \$1,499,067,215 with a loss ratio of 67.7. Workmen's compensation premiums earned were \$488,350,689 with a loss ratio of 77.9.

On the right side profitwise were: Burglary with premiums earned of \$80,600,415 and a loss ratio of 44.2; fidelity with premiums of \$56,542,157 and a loss ratio of 46.2; surety with premiums of \$110,014,741 and a loss ratio of 35.3; and boiler and machinery with premiums of \$33,071,621 and a loss ratio of 30.3.

An apparent increase in surplus as regards policyholders of \$1,151,239,195 in the totals of 950 companies is distorted by the addition of several large life insurance companies who are included for the first time as A. & H. writers in these figures. The actual increase in surplus for the same companies as in 1950 would only be about \$500 million, which is \$100 million less than in 1950.

### Mutual Experience Parallel

The mutual companies had an almost identical experience, however, with a little better loss experience in most lines as will be observed in the totals shown elsewhere in this edition.

## J. W. GUNN ISSUES CALL TO ARMS

# Save Auto Insurance From Creeping Pearl Harbor!

From J. W. Gunn, chairman and treasurer of Employers Mutual Casualty and immediate past president of National Assn. of Independent Insurers:

The headlines in your May 29 issue include the following: First Quarter Auto Results Are Shocking, Auto Accidents Cost Insurer \$111 per \$100 Earned Premium and State Regulation Trend is to Bureaucratic Control.

When the news of Pearl Harbor reached the American people, factionalism and differences of opinion, creed or race vanished in an hour. Americans united at once in the face of a national crisis; and with unity came the strength and determination to win a great world conflict.

### Creeping Pearl Harbor

A creeping Pearl Harbor has been devastating the automobile insurance industry since the middle of 1950, with premonitory repercussions heard back many years. We in the business know how weak are our present forces of defense in the face of an aggregation of enemies moving toward our destruction.

Who and what are these forces arrayed against us?

First, a national apathy toward an appalling toll of dead, crippled and suffering victims of unnecessary automobile accidents. If one-hundredth as many persons were publicly murdered by gunfire or poison in a year as are destroyed in automobile accidents, the nation would be shaken with fear and rage.

### "Enthusiastic" Plaintiff's Attorneys

Second, an active nationwide group of enthusiastic plaintiff's attorneys, seeking through education of lawyers to increase substantially the size of jury verdicts, already swollen by an inflationary economy.

Third, the forces of a popular inflation, which of itself has caused losses to the carriers running into the hundreds of millions of dollars.

Fourth, the definite probability of compulsory insurance laws in several states, the passage of which would only aggravate the other troubles facing us, and strengthen our opposition.

The new chart continues its clear and easily usable exposition of company-by-company statistics. A special table devoted to A. & H. gives the breakdown of premiums earned and losses incurred and an analysis of the results produced by each company writing group A. & H. It shows that for this class of business 169 stock and mutual companies had premiums earned of \$871,537,948 in 1951 which produced a gain from underwriting of \$15,479,761 or 1.78% of premiums. Other tables and listings give information to help the user gain a clear picture of the operations and results produced by the 950 companies whose totals are quoted here. The Argus Casualty & Surety Chart and its companion, the Argus Fire Chart, may be purchased from any National Underwriter Co. branch office or from the compilation office at 420 East Fourth street, Cincinnati 2, O.

Edward J. Miller, Louisville local agent has been named finance chairman of the county Republican organization.

Richard Voorhies has become a partner in the Clyde E. Lewis agency at Canal Winchester and Groveport, O.

Fifth, the spectre of state insurance, or ultimate liquidation of the industry. If all other divisions of our enemies are overcome, this one still threatens to win the last and final battle.

So much for our opponents. Now where are our allies?

Speaking as one who has observed the automobile insurance picture for nearly 30 years, I can honestly say that I do not see a single army in the field on our side. True, there are not unfriendly forces in being which are conducting operations against single divisions of our adversaries; but who, except those working in the casualty and property insurance industry itself, is truly interested in our fate?

The only ally who in the end can preserve us from liquidation, the friend we stand in dire need of, is the American public. Yet I venture to say that if a Gallup poll were taken today as to the industry to which the public is most indifferent, automobile insurance would be near the top of the list. In our rate and legislative difficulties, we cannot at this time count on any significant public support. The public knows little, if anything, about our problems; and about all it hears from the industry is the news of a further rate increase.

### Seek Competitive Advantages

Now here we are, engaged in a struggle for our very existence, yet divided into factions, working at cross-purposes, seeking competitive advantages over one another legislatively, tax-wise and in every other way, fearing the rivalries we have created—and without friends who could and would come to our rescue if only we would unite and aggressively promote our own good cause. There is no good reason why all companies—stock, mutual and reciprocal, agency and non-agency, weak and strong—should not now be engaged in a united public relations program.

Think what could be done if we combined the brains, energy and wealth of the industry in a bold, honestly-presented campaign to bring the public to our aid. We have a story to tell of which we can justly be proud. Everyone in the business is proud of his part in that story, yet singly our efforts influence only a handful of people. Together we could influence millions.

### Forces Can Be United

When are we going to learn to work together? Or will we, as the first great American insurance figure, Ben Franklin, said in an historic connection "assuredly hang separately"? It seems to me that the Assn. of Casualty & Surety Executives, the American Mutual Alliance, the National Assn. of Independent Insurers and the Conference of Mutual Casualty Companies have within themselves the power to save the industry from ultimate destruction if, before it is too late, forces could be united for that purpose. We have before us the example of the life insurance industry, which stands very high in the public esteem, yet remains highly competitive.

I hope I am not sounding like an alarmist, but since THE NATIONAL UNDERWRITER is the nationwide forum for the industry today, I have taken the liberty of writing this letter to you, in the hope that you might agree with me as to the necessity of early action, and might urge it in your columns. Speaking for myself and my associates in this company, we would gladly join in any united constructive move toward preservation of our industry.

## Allyn Assails 3½% Casualty Profit Proposal

**Conn. Commissioner  
Says Stinginess  
Repels Risk Capital**

HARTFORD—Commissioner Allyn of Connecticut has issued a formal statement, strongly taking exception to the report of the N.A.I.C. casualty and surety subcommittee on cost and profit factor study which recommended a 3½% profit instead of the 5% which the companies insist is essential. His statement is addressed to Crichton of West Virginia, as chairman of the casualty and surety committee.

Mr. Allyn states the subcommittee report fails to take into consideration the economic fundamentals of the use of risk capital.

The effect, if not the intent of the proposal, would be to discourage the use of venture capital in the casualty business, when the public interest today requires more capacity.

It attempts by an erroneous concept of rate regulation to regulate the earnings on risk capital regardless of the amount of business done, and it attempts to reconcile the measurement of casualty risk with that of fire, which has a far more stabilized experience.

### Radical Assumption of Control

"No such radical assumption of public control over earnings on capital should be adopted without far more study and discussion," Mr. Allyn asserted. "Profit should be directly and solely related to the actual insurance business transacted."

Mr. Allyn sets forth conclusions reached in a recent study made by John A. Resony, casualty actuary and supervisor of casualty rating in Connecticut.

In a free economy, the flow of capital funds into various investments is in direct proportion to the expected return of the invested capital and the anticipated risk to the funds involved in their investment. Any enterprise in which the risk is proportionately greater than the anticipated profit would not be able to attract capital and conversely capital will flow to those enterprises where the return is expected to be commensurate with the risk (a striking example is the restricted flow of capital to investment in equities now evident because of the present federal tax structure).

The final effect of the underwriting profit factor should be such that the anticipated profit which may be realized from the underwriting operations of a company taken together with the anticipated investment earnings should produce a reasonable return on invested capital and surplus funds; i.e., the return commensurate with the risk to which these funds are exposed.

### Return Commensurate With Risk

The inclusion from a ratemaking standpoint of profit arising from the investment of capital and surplus funds is indefensible. Such funds are placed at risk (considering now the investment risk only and not the additional risk arising out of underwriting activities) when invested and any earnings due to the assumption of this risk should accrue to the benefit of the owners of these funds, the stockholders. Presumably

(CONTINUED ON PAGE 26)

## Casualty Record for 1951 as Developed for Argus Chart Is Chronicled

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										Ratios to Premiums					
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										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing	Increase in Surplus	
										Losses Exp. to	Under-writing Exp. Incurred	Combined Loss & Exp.	Net Gain from under-writing		

## TOTALS—CLASSIFICATION OF 1951 BUSINESS

CLASSIFICATION	502 STOCK COMPANIES (Including A.&H. Depts. of Legal Reserve Life Companies)			238 MUTUAL COMPANIES (Excluding Hospital & Medical-Surgical Companies)			53 RECIPROCAL & LLOYDS		
	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%
Accident	107,679,232	45,935,520	42.7	7,437,484	4,186,978	56.3	593,414	178,866	30.1
A.&H., Ind. Life & Hosp. (not separate)	404,595,734	189,469,650	46.8	144,577,228	82,757,579	57.2	676,935	248,136	36.7
Group A.&H.	825,034,430	639,593,294	77.5	46,232,956	40,003,884	86.5	—	1,315	—
Non-Can. A.&H.	49,719,835	27,601,038	55.5	1,328,560	801,156	60.3	—	143,477	17.2
TOTAL A.&H.	1,387,029,231	962,898,509	69.4	199,576,238	127,749,597	64.0	1,413,286	445,789	31.5
Auto Physical Damage	417,351,323	232,303,494	55.7	204,493,365	113,773,416	55.6	83,504,795	44,436,293	53.2
Auto Liability	716,952,533	510,269,071	71.3	253,392,195	168,560,921	66.5	58,984,498	36,959,145	62.7
Auto Property Damage	363,887,021	271,706,488	74.7	133,176,444	104,829,853	78.7	35,689,602	25,107,772	70.4
Other Auto	1,876,338	934,358	49.8	156,624	55,887	35.6	284,744	70,260	24.7
TOTAL AUTOMOBILE	1,499,067,215	1,015,213,411	67.7	591,218,628	387,219,877	65.5	178,463,639	106,573,470	59.7
Boiler & Machinery	33,071,621	10,024,188	30.3	12,276,331	2,806,687	22.9	40,255	73,682	183.0
Burglary	80,600,415	35,648,594	44.2	4,760,753	2,167,015	45.5	543,144	308,583	56.8
Credit	6,956,003	1,336,275	22.4	9,088	8,213	90.4	—	—	—
Fidelity	56,542,157	26,124,444	46.2	2,584,965	1,626,464	62.9	624,522	513,525	82.2
Glass	28,610,390	14,904,209	52.1	3,000,630	1,629,742	54.3	25,636	12,272	47.9
Liability (not Auto)	219,268,812	136,748,877	62.4	51,067,220	32,757,198	64.1	7,888,764	3,091,651	39.2
Live Stock	1,226,258	651,013	53.1	36,254	21,862	60.3	1,168,992	337,074	28.8
Property Damage & Collision (not Auto)	52,975,583	31,193,251	58.9	13,281,581	8,446,216	63.6	493,446	317,135	64.3
Surety	110,014,741	38,826,170	35.3	1,028,687	252,237	24.5	27,487	1,327	4.8
Workmen's Compensation	488,350,689	380,559,784	77.9	306,904,575	211,886,468	69.0	18,943,973	12,920,178	68.2
Miscellaneous	5,436,955	2,631,950	48.4	3,877,019	3,143,149	81.1	513,856	—	—
GRAND TOTAL	3,968,150,070	2,656,760,666	67.0	1,189,621,869	779,714,715	65.5	210,146,990	124,560,848	59.3

## Program Ready for New England Men

The program is completed for the convention of New England Assn. of Insurance Agents at Mt. Washington hotel, Bretton Woods, N. H., June 22-24. There is to be a welcoming dinner June 22 with Cameron Ralston, professional lecturer, as speaker.

The next morning the speakers will be Walter W. Allen, vice-president of Home; Charles H. Peterson, assistant vice-president of Maryland Casualty; William W. Ellis, field supervisor of Aetna Casualty. The afternoon will be open for golf and other recreation and the company dinner will be that night, followed by awarding of prizes and dancing.

Speakers the next morning will be Joseph A. Neumann of New York, member of executive committee of N.A.I.A.; Simon M. Sheldon, deputy commissioner of New Hampshire, and then there will be a panel with William N. Woodland, editor of The Standard of Boston, as moderator. Members of the panel are Stanley A. Gibson, Phoenix of Hartford; William J. Hutchins, America Fore; Harold V. Johnson, U. S. F. & G.; T. Walter Keany, American, and John M. Parsons, Aetna Life Co.

## List Two Minn. Speakers

DULUTH, MINN.—Two speakers already announced for the annual meeting of Minnesota Assn. of Insurance Agents here Sept. 11-12 are Roy A. Duffus of Rochester, N. Y., who will appear twice on the program, and Ralph W. Carney, Coleman Co., Wichita, who will talk on "Selling to Defend America."

Douglas A. Bourgeois, MacGregor-

Bradley Co., has been named general chairman for the convention. Other chairmen are Burt C. Hubbard, speakers; R. G. Ledingham, registration; R. J. Pokorney of Liscomb-Hood Co., entertainment; David W. Claypool of Prindle-Jones Co., publicity; James R. Fisher of Dunning & Dunning Co., luncheon and banquet, and Rod V. Hood of Liscomb-Hood Co., reception.

## Hayes Buys Lloyds Division of Montgomery Organization

The Lloyds division of the Victor Montgomery general agency, Los Angeles, has been purchased by John M. Hayes Co., newly organized firm. The Montgomery organization continues as underwriting manager in California for Pacific Employers.

John M. Hayes Co. will specialize in writing surplus lines, special risks and reinsurance. It has full contract and open market facilities, with arrangements for worldwide loss adjustments.

John M. Hayes, is president; James H. Collins, vice-president, and Roger L. Bohning, chief underwriter. Mr. Hayes commenced his insurance career in 1939 as a marine and all-risks underwriter at San Francisco with Newhouse & Sayre. Subsequently, he was special agent in southern California, returning to the northern office as chief underwriter of the Lloyds department. He joined the Victor Montgomery organization in 1944 as manager of the Lloyds division in southern California, which field later was extended nationwide.

Mr. Collins entered insurance at Buffalo in 1926 with the Woodworth-Hawley Co. He later was with Buffalo Ins. Co. and North British. In 1942 he joined Cosgrove & Co. at Los Angeles, going with Montgomery in 1945.

## Hatch Savannah Head

Josiah O. Hatch was elected president of Savannah Assn. of Insurance Agents at the annual meeting. Marvin Davis is vice-president, E. W. Cubbedge, Jr., is secretary. The outgoing president is A. G. Badenhop.

## Cleveland Board Multiple Line

Charles F. Stewart, the new president of Cleveland Insurance Board, is vice-president of Cleveland Insurance Agency. He started with Travelers at St. Louis in 1930 and later was Ohio manager of Massachusetts Bonding. He is a former president of Cleveland Kiwanis, lieutenant governor of Ohio Kiwanis and he is a former commodore of Mentor Harbor Yacht-Club and Inter-Lake Yachting Assn.

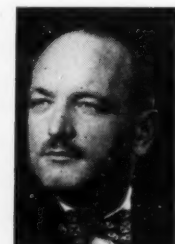
H. K. Dawson, the retiring president, in his talk said membership is at an all-time high of 329 agency members and 1,832 associates. He said dur-



Henry Frankel



Charles F. Stewart



H. K. Dawson

ing the year the fire prevention program was intensified, educational facilities were expanded, important work was done on legislative matters such as licensing of solicitors for reciprocals and adequate multiple line powers bill and competitive workmens compensation. He declared the term of the president should be for one year.

The membership approved a report of the committee on future developments

In the accompanying table from Argus Casualty & Surety Chart there are included in the exhibit of classification of 1951 business, the casualty writings of all companies appearing in the Argus Casualty Chart including such writings of fire and life companies.

In the larger table there are included all companies whose figures are shown in the Argus Casualty Chart except those companies for which reference is made to the Argus Fire Chart. Reinsurance companies include only the stock companies doing exclusively reinsurance business. For life companies and fraternal societies, financial report and increase in surplus include life departments; operating report and gain from underwriting are A. & H. only.

headed by John W. Frazier which provides for expansion to include all classes of insurance except life, title, credit, A. & H. and wet marine. The "no mutual representation" rule is retained. Trustees are directed to proceed with amendments to the constitution and by-laws. Henry Frankel was tendered a testimonial dinner by the trustees at Westwood Country Club as he is retiring from the board this month. He served as a trustee from 1931 to 1934, and again from 1940 to 1952 and he was president in 1943-44.

## Taft Wants Anti-Coercion Law Enacted in Wyoming

Commissioner Taft of Wyoming has proposed the enactment of legislation to prevent coercion of borrowers and purchasers of merchandise on time payment plans in their choice of insurance agents and companies. He urged the legislative committee of Wyoming Insurance Agents Assn. to prepare an anti-coercion bill for submission to the 1953 legislature.

From the standpoint of complaints received by his department, Mr. Taft told the association, the problem which appears next in importance to the need for a qualification law is an anti-coercion statute.

He declared that his department, because of lack of statutory authority, "is almost helpless in dealing with complaints relating to coercion, except to report them to the federal anti-trust division."

"As the supervision of the insurance business is an important phase of local and state government," he continued, "it should not be necessary to appeal to Washington for help in a matter of this kind."

## N. Y. State Brokers' Directors

The following new directors have been elected by Insurance Brokers Assn. of New York State: John O. Cole of Despard & Co., Bernard E. Davidson of Rollins, Burdick, Hunter Co., John Langhorne of Flynn, Harrison & Conroy, James McGinley of Cosgrove Co., E. T. Sinnott of C. R. Black, Jr., Corp., Walter G. Steinbrucker of Murray, Vander Poel & Baker, and C. A. Van Doren of Davis, Dorland & Co.

# AMICO

## FINANCIAL STATEMENT

JANUARY FIRST NINETEEN FIFTY-TWO

As of December 31, 1951, as reported to the Department of Insurance, State of Illinois

All bonds amortized. Stocks at book value, which is less than market value.

Cash in banks . . . . .	\$ 2,874,112.59
U. S. government notes and certificates . . . . .	11,321,168.97
U. S. government bonds . . . . .	15,696,237.36
State, county and municipal bonds . . . . .	926,556.64
Public utility and other bonds . . . . .	431,165.51
Stocks . . . . .	584,899.87
First mortgage loans on real estate . . . . .	45,858.89
Premiums in transmission . . . . .	2,148,675.89
Accrued interest and other assets . . . . .	488,095.27
<b>Total admitted assets . . . . .</b>	<b>\$34,516,770.99</b>

Reserve for losses and adjusting expenses . . . . .	\$18,876,706.00
Reserve for unearned premiums . . . . .	7,602,970.00
Reserve for taxes and expenses . . . . .	1,223,865.08
Reserve for dividends to policyholders . . . . .	1,813,229.91
Reserve for portfolio fluctuation . . . . .	500,000.00
Reserve for contingencies . . . . .	500,000.00
<b>Total . . . . .</b>	<b>\$30,516,770.99</b>
Capital stock . . . . .	\$2,000,000.00
Net surplus . . . . .	2,000,000.00
<b>Capital stock and surplus . . . . .</b>	<b>4,000,000.00</b>
<b>Total . . . . .</b>	<b>\$34,516,770.99</b>

assets

liabilities

Securities carried at \$2,463,557.56 in the above statement are deposited as required by law.

## AMERICAN MOTORISTS INSURANCE COMPANY

SHERIDAN ROAD AT LAWRENCE AVENUE • CHICAGO 40

James S. Kemper, chairman  
H. G. Kemper, president

## Debate Question of What Auto Limits Are Suitable

Tri-County Assn. of Insurance Agents held what was termed "agents day" at Johnstown, Pa., with a very good at-



D. T. Ratcliffe



W. H. Stewart

tendance. General chairman was G. R. Bockel. The speakers included D. T. Ratcliffe, assistant secretary and educational director of New Amsterdam Casualty, and Harry O. Eckert, vice-president of American Casualty. Also in-

troduced were Marshall W. Davis, assistant executive secretary of Pennsylvania Assn. of Insurance Agents; W. J. Zwinggi of Pittsburgh, president of that organization, and W. Howard Stewart, past president, who was the banquet speaker. The latter declared that the labor unions of New York City favor compulsory automobile insurance and he said the insurance business should not underestimate the great power that is held by the unions.

At the conclusion of Mr. Ratcliffe's talk a discussion developed on the limits of automobile insurance that ought to be recommended. Mr. Ratcliffe said that he carries limits of \$15/30 and he tells the students in his class at University of Baltimore that such limits ought to be sufficient for them. The answer depends to a large extent on the locality and the size of recent verdicts. Anyone operating a car in New York City should have limits of at least \$50/100.

Mr. Eckert declared that he would recommend much higher limits for everyone everywhere. He expressed the belief that the agent should first recommend very high limits and then if necessary, come down.

Mr. Ratcliffe, in his talk said the agents can be influential in preventing accidents, particularly those caused by

youthful drivers and this is the best way to keep rates down. It must be assumed that the youngsters will always want to speed and show off, and if they are to be permitted to drive, then everything possible ought to be done to curb their natural disposition to burn up the road and foolishly risk their own lives and those of others. One drastic measure that has been proposed, he said, consists of branding—that is, requiring any driver who has been convicted of speeding or reckless driving, to display a red sticker on his windshield for at least a year.

### N. Y. Court Holds Guardian Bond Is Non-cumulative

A guardian's bond in New York does not carry annual cumulative liability, Surrogate Griffith of Westchester county, N. Y., has held, in effect, in the matter of Susan Rising.

London & Lancashire Indemnity executed a \$1,500 bond for the general guardian of the infant beneficiary of the veterans administration, in 1946. Recently the estate of the guardian, deceased, was surcharged about \$2,000 for malfeasance. The VA attorney claimed that the annual payment of premium on the guardian's bond imposes annual cumulative liability on the surety and that for that reason the surety is liable for the full amount of the bond for each year the bond was renewed. The VA attorney set forth a schedule showing that over a period of more than two years conversion amounted to \$1,567 which with interest would total \$1,887.

#### Cites P. O. Case

VA cited U. S. vs. American Surety, which involved a post office employee bond in penalty of \$2,000 that had not stated the period of duration and on which the employee paid an annual premium. Defalcations totaled \$7,949. In that case the federal courts upheld the argument that the bond was cumulative, stating "the substantial and controlling point is that an annual premium was required and paid in the expectation of the obvious protection which that should afford."

The surety offered to pay the face of the bond plus interest in the Rising case. The surrogate there held that the liability under the bond necessarily continues indefinitely until the principal and his surety are discharged in a manner prescribed by law or the surety is released pursuant to the surrogate's court act.

Such liability is irreconcilable with the contention of VA that it was the intention of the parties that the liability of the surety be predicated upon an annual basis, the court stated. The statute requires determination that the parties intended the liability of the surety to be continuous and not cumulative.

### Medicolegal Course

A short course on legal medicine and elements of medicolegal litigation will be given in New York the week of Sept. 1 by Dr. H. W. Smith, research professor of law and medicine at Tulane University. The course has been given several times before, a couple of times under sponsorship of American Bar Assn.

## Kurt Hitke Buys Public Natl., Fla.

Kurt Hitke and interests associated with him have purchased control of Public National of Miami. The company, started in 1945, operates in Florida, South Carolina and Virginia. It writes automobile full coverage, workmen's compensation, public liability and property damage, glass, burglary, and fire and inland marine.

Mr. Hitke has been elected president of Public National. Charles A. Morehead, formerly a director, has been named vice-president, and Joseph A. Kolkmeier continues as secretary of the company. Robert K. Hitke, who is treasurer of Kurt Hitke & Co., has been elected treasurer.

Public National was acquired to provide an additional market for the agencies which channel business through Kurt Hitke & Co. The latter has headquarters at Chicago and branch offices at Atlanta, Los Angeles and Springfield, Ill., and specializes in hard to place lines.

### This Year's Traffic Deaths Still Parallel 1951 Record

April auto traffic fatalities numbered 2,610, identical with the figure for the corresponding month a year ago, according to the National Safety Council. For the first four months of the year there have been 10,650 deaths, an increase of 1%.

### Accused of Faking Claims

Robert A. Pryor, a former adjuster for Phoenix Indemnity at Portland, Ore., has been indicted there on charges of fraud in connection with insurance claims on auto accidents. Five other persons were indicted for permitting their names to be used in fake accident reports.

Pryor is accused of taking the names of policyholders, using them as assertedly responsible parties in a faked automobile accident, then submitting a report under the policyholders' names. Claim reports would then be filed, with Pryor allegedly approving them and the company paying without question.

### F. & C. Honors E. J. Boyce

Edmund J. Boyce, St. Louis local agent and immediate past treasurer of Missouri Assn. of Insurance Agents and long active in Insurance Board of St. Louis, was presented with an engrossed scroll by Fidelity & Casualty for more than 25 years' representation. The presentation was by E. C. Kottmeier, resident manager in St. Louis for F. & C., accompanied by a letter from President Frank A. Christensen.



Carl Ernst, Retiring President International Association of A&H Underwriters

Dear Carl:

Upon conclusion of your term as president of the International Association of A&H Underwriters, your associates at North American join in expressing congratulations. Behind that expression is a sincerity I know you will understand.

All of us feel your vigorous leadership lent impact to key plans in a manner that might well draw recognition for your administration as sparking the most important advance in Association history.

Commendations to you on a job well done, Carl, and to fellow-officers, executive committeemen and others who contributed. May the good work continue in the same vigorous tempo!

Sincerely yours,

*H. P. Skoglund*  
PRESIDENT.



## NORTH AMERICAN Life and Casualty Company



Founded 1896

HOME OFFICE: MINNEAPOLIS, MINNESOTA

H. P. SKOGLUND, President

J. E. SCHOLEFIELD, Vice-President  
Director of Agencies

Service Beyond  
the Contract

The NEW ZEALAND  
Insurance Company Limited

United States Head Office  
Since 1875  
San Francisco

William M. Houston, U. S. Mgr.

FIRE • MARINE • CASUALTY • AUTOMOBILE

## Peerless Control of United L. & A. Is Challenged

Despite announced claims that Peerless Casualty of Keene, N. H., has on deposit or enforceable contracts for purchase of a majority of the stock of United Life & Accident of Concord, N. H., the Chicago investment house of A. C. Allyn & Co. is continuing to pursue, in behalf of an undisclosed client, its efforts to purchase control of United L. & A.

Dudley W. Orr, an attorney of Concord and a director of both United L. & A. and Peerless Casualty, was quoted as saying that Peerless has won the control by purchasing 10,300 of the 20,000 shares of United L. & A. stock at \$150 per share. He was also quoted as saying that the A. C. Allyn interests could not succeed in getting control and he expressed the opinion that the offer "is just a spite move."

H. F. Henrickson, vice-president of A. C. Allyn & Co., has been the official of that firm that has been acting in the matter.

### Competition Started May 12

According to Mr. Henrickson, A. C. Allyn & Co. started out a number of weeks ago to buy control of United L. & A. for its client, without knowing that Peerless Casualty was also making a bid. It was not until May 12 when he went to Concord that he learned of Peerless Casualty's interest. At that time it turned out, he said, that Peerless Casualty had been offering \$125 for the stock. A. C. Allyn thereupon offered \$150 and Peerless raised its offer to the same level. The A. C. Allyn client started out with a block of 6,458 shares.

The A. C. Allyn offer, which is contingent on getting at least 10,001 shares, is now at the rate of \$187.50 per share. On May 28 A. C. Allyn wired United L. & A. stockholders, suggesting that they withhold action on the sale of their stock until they see the "cash offer" of A. C. Allyn of \$187.50 a share "which is being mailed to you tomorrow."

There was a letter May 21 to stockholders from President John V. Hanna stating that the shareholders would soon get an offer of \$150 a share from Peerless Casualty. "You may receive offers from other purchasers," Mr. Hanna said in that letter. He went on to say that he has agreed to sell his stock at \$150 and others including every other officer have agreed to the same plan.

There has been a great deal of emphasis placed on the fact that under the Peerless Casualty ownership the purpose is to keep the home office of United L. & A. at Concord.

### Offers Highest Price

"A. C. Allyn & Co." Mr. Henrickson declared, "in good faith wants to buy United Life & Accident for a client who wants the company for good, legitimate purpose, and is offering to pay the highest price that has ever been discussed. We have a written representation from our client not to liquidate the company or to remove its operations from Concord."

United L. & A. has about \$130 million insurance in force and at Dec. 31, the capital-surplus value per share was about \$130. There are 20,000 shares and the capital is \$400,000. The company has been paying a dividend of \$4 a year.

In 1931, a move was blocked to sell United Life & Accident to Ohio National Life.

In 1949, a group headed by Hugh F. Dickson of Atlanta, and the late Frank L. McNeny of Dallas, undertook unsuccessfully to secure control of United L. & A. They had entered a purchase agreement for 4,128 shares of United L. & A. that were then held by Shenandoah Life of Roanoke and United L. & A. had

to defend itself in a court action that was brought by Shenandoah to secure the United L. & A. stockholders list. Shenandoah won that issue. During that litigation there was testimony that the book value of United L. & A. stock was \$120 a share although it was being traded at about \$35.

The block of 6,000 odd shares that Mr. Dickson had acquired for himself and others was subsequently acquired by A. C. Allyn's client, Mr. Henrickson said, and Mr. Dickson is now completely out of the picture.

Mr. Hanna and Richard C. Carrick,

president of Peerless Casualty, announced that Peerless has agreed to buy all United L. & A. stock that is available for purchase on or before June 16. The A. C. Allyn offer expires June 12, but if control is obtained, the A. C. Allyn client will continue to buy all stock there is offered at \$187.50 a share, according to Mr. Henrickson.

The America Fore group offices in the Gas & Electric building, Denver, are being moved this week to larger quarters in the University building.

## Miami Board May Retain Dade County School Line

MIAMI—Dade county school board is reconsidering its decision of last year to take its business away from Greater Miami Insurance Board. The board has offered to set up a safety education program financed by a \$150,000 trust fund. The fund would be built up from commissions.

Atlantic Mutual has moved its Newark service office to 744 Broad street.

**AN ACTUAL CASE FROM THE FILES OF U. S. F. & G.**

**U. S. F. & G. AGENTS**  
This series of case-history advertisements, appearing in TIME, BUSINESS WEEK, NEWSWEEK, NATION'S BUSINESS and WALL STREET JOURNAL, is designed to help increase your business.

Loss in Drawings \$100,000  
Valuable Paper Ins. 10,000  
Company's Loss \$90,000

## The Scraps of Paper that Cost \$90,000

A firm of noted design engineers discovered that pieces of paper could be particularly expensive when fire damaged their building.

They had protection on the building and had the foresight to insure their valuable papers. But they had underestimated possible loss and replacement cost. When the fire came, much of the work of a staff of highly paid employees was destroyed, the remainder badly damaged.

Total loss, based on the cost of original preparation of the work, approached \$100,000 . . . over and above the damage to the building. In a few days U. S. F. & G. paid the full amount of the Valuable Papers Policy then in force. Unfortunately, the insurance was only \$10,000.

In one night, fire had cost them some \$90,000. They now have substantially increased their Valuable Papers coverage with the U. S. F. & G.



Your local agent is constantly ready to serve you. Consult him as you would your doctor or lawyer. For the name of your nearest U. S. F. & G. agent, or for claim service in an emergency, call Western Union by number and ask for Operator 25.

# U.S.F.&G.

CASUALTY  
FIDELITY-SURETY  
FIRE

United States Fidelity & Guaranty Company, Baltimore 3, Md.  
Fidelity Insurance Company of Canada, Toronto

## PREVENTION ADVICE

Crime in Stores  
Rises, Flynn Says

NEW YORK—There is a definite increase in frequency of property losses caused by shoplifting, forged and bogus checks, and employee dishonesty in stores, Walter L. Flynn of the William J. Burns International Detective Agency told 500 attending a session of the Controllers' Congress of National Retail Drygoods Assn. here. These types of losses also are on the increase in other lines of business as well, he said.

The condition is one store executives should consider seriously, Mr. Flynn said. Credit bureaus report that a certain percentage, probably 4 to 7%, of all mercantile failures are caused by dishonest employees.

## One Man Crime Wave

Several weeks ago store executives were alarmed and puzzled by a series of night thefts of jewelry from stores. In two months, eight stores in three states were robbed in the same mysterious manner. The thefts generally occurred on a weekend while the stores were closed. Losses were confined to jewelry in the show cases. At first it was believed that someone must have hidden in the stores at closing time, but that conclusion was doubtful because there was no evidence that anyone had forced his way out.

The facts in the cases were carefully studied by store protection men and

early in April the police apprehended an individual called the cat burglar. Some of the proceeds from all the robberies were found in his room. Entrance to each store generally was made through an open window on the second floor, and he usually left in the same manner. He constituted in a sense a one-man crime wave.

Most frequent type of crime loss in stores is through sale of merchandise by acceptance of forged or bogus checks. The greatest amount of dollar loss, however, Mr. Flynn said, results from employee dishonesty. The trend seems to be concealment of losses for longer periods of time and for larger amounts.

## Burglars Break Out

In recent years many burglars have used a new approach. Instead of breaking in at night, they conceal themselves in stores and then break out with the stolen merchandise. Or, a member of a burglary gang obtains a job as night watchman in a store and after learning where the most valuable merchandise is situated he admits the other members of the gang.

One unusual loss involved the redeeming of gift certificates. An employee had the job of entering these in a ledger. One day he noticed that some certificates that came to him were not perforated, endorsed or stamped in any way and he got the idea of using the certificates again before entering them in the ledger. He enlisted the aid of a friend to represent himself as the owner of the certificates and each week many of them were redeemed a second time at the expense of the store.

Mr. Flynn said if it is necessary to curtail the internal auditing or some accounting control procedures, the store then should resort to spot checking methods. When a person steals money or merchandise two factors generally are present. First is the desire and second is the belief the loss will not be discovered promptly. A spot check may not only keep temptation away from some person but at the same time prevent a substantial loss.

Among the most vulnerable spots in stores today are the following, he said: To create sales some employees sell for less than the actual prices quoted by the store. Make certain there is a constant comparison of the prices listed on the sales check with the prices authorized by the store. Or, unassigned sales books have been secretly removed from supply rooms in stores. A completed original sales ticket is then used as an authorization for the delivery of merchandise stolen. The duplicates are destroyed.

## May Hike Liability Limits

RICHMOND, VA.—Revision of the minimum amounts of insurance liability that must be carried on commercial passenger vehicles will be the subject of a Virginia corporation commission hearing set for June 30. Because of the general assembly's action raising death benefits in accidents from \$15,000 to \$25,000, the commission has indicated it believes an increase is in order.

At present, such carriers are divided into five groups for liability insurance purposes. The minimum amounts range from 5/10/1 to 5/30/1.

## Pyramid of Ark. Not Named

Pyramid Life of Little Rock has no connection with the Sammons insurance fleet and should not have been mentioned as a unit in that group in the story in the May 23 edition headed, "Illegal Service Is Cravey's Plea in Bankers L. & C. Case."

Steering Group of Assn. of  
Casualty-Surety Companies

The executive committee of Assn. of Casualty & Surety Companies, as announced by Manning W. Heard, of Hartford Accident, new president, includes Aetna Casualty, Bankers Indemnity, Employers Liability, Fidelity & Casualty Fidelity & Deposit, General Accident, Great American Indemnity, Home Indemnity, Indemnity of North America, London Guarantee & Accident, Ltd., Maryland Casualty, Massachusetts Bonding, National Surety, Ocean Accident, Royal Indemnity, Standard Accident, Travelers and U. S. Guarantee.

The following past presidents of the association are also members of the executive committee: Frank A. Christensen, F. & C.; W. E. McKell, American Surety; J. Arthur Nelson, New Amsterdam Casualty; J. W. Randall, Travelers, and J. F. Matthai, U. S. F. & G. Mr. Heard and George D. Mead, Glens Falls Indemnity, vice-president of the association, are ex-officio members.

## Sidewalk Liability Bulletin

The Bureau of Governmental Research & Services of University of Washington, Seattle, in cooperation with Assn. of Washington Cities has published a bulletin on "Liability for Sidewalk Conditions, and Repair Thereof."

Dr. Ernest H. Campbell, assistant director of the bureau, has prepared a summary of leading Washington legal decisions, with comments and data regarding the forms of compromise offers and the effect of a compromise offer on the liability of a city or town in the event of litigation.

## Moves at Little Rock

The Maryland Casualty branch at Little Rock has been moved to the Waldon building.

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T. A. V.  
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## CHANGES

### T. A. White to High Employers Post

BOSTON—Thomas A. White has been appointed assistant deputy manager of Employers Liability and has been elected vice-president of American Employers and Employers Fire.

Mr. White has been assistant counsel and has been with Employers 20 years. He is a member of the Massachusetts and the federal bars and, during the last war served as lieutenant commander in the navy.

Mr. White is well known for his part in inaugurating, organizing and directing the fight against the Massachusetts automobile flat rate referendum in 1950.

### W.A. Watson Now Cleveland Head of Indemnity of N. A.

William A. Watson has been appointed manager of the Cleveland service office of Indemnity of North America. He succeeds Dwight W. Sleeper, Jr., who resigned to enter a local agency at Dallas.

Mr. Watson was appointed assistant manager at Cleveland in 1950. He joined the company in 1946 as a special agent. He is a graduate of William Jewell College, Liberty, Mo., in 1933, and was previously with Hartford Accident and Royal.

Joseph J. Graham has been appointed assistant manager at Cleveland. He joined the company as an underwriter at New York in 1945, and was assigned to Cleveland in 1948 and was made supervising underwriter earlier this year.

### Munday Joins Reed & Co.

Daniel Munday, formerly special agent of Western Surety at Sioux Falls, S. D., has joined the Reed & Co. general agency at Denver as manager of the bond department.

Reed & Co. moved last week into larger offices in the Gas & Electric building.

### Seibert Ind. Casualty Special

Douglas B. Seibert has been appointed casualty special agent in Indiana for National Fire with headquarters at Indianapolis. He attended Carthage College, Carthage, Ill., and Loyola University at Chicago. He joined National in 1948.

### Crapser Given New Duties

Charles Crapser, who has been northern California claims manager for Argonaut, large California compensation writer, has been given new duties as field investigator and liaison officer between the company and doctors who specialize in industrial injuries. He is succeeded as northern California claims manager by Harold A. Thompson, who joined the claim department at San Francisco earlier this year.

### Edgar Isaacs Makes Change

Edgar E. Isaacs has become assistant production manager of Atlantic Mutual. Since 1948 he has been assistant manager at New York for American Automobile. He has been an insurance man 20 years and is a graduate of City College of Law & Finance of St. Louis. He is a C.P.C.U.

## COMPANIES

### La Salle Casualty Moves Into New Home Office

LaSalle Casualty of Chicago has moved into its new home office building at 545 North Michigan avenue. It now occupies a five-story structure which will be known as the LaSalle Insurance building. Complete remodeling of the interior and exterior of the structure was started shortly after its purchase six months ago and will be completed by late in the summer. The company is increasing its equipment and personnel both in the casualty and A. & H. departments.

### New Company at Louisville

Henry Clay Casualty & Surety Co. has been formed at Louisville with capital of \$200,000. Incorporators are Thomas D. Nolan, architect, engineer and builder; B. J. Fusner and David G. Cates, an attorney.

The same interests also have incorporated Henry Clay Underwriters Co., capital \$1,000.

### New Memphis Auto Insurer

Universal Security Insurance Co. has been organized at Memphis. John E. Murdock is president; Andrew M. Wray, Jr., and L. S. Lawo, Jr., vice-presidents; James H. McCaleb, treasurer, and Claire L. Vines, secretary. With an authorized capital of \$3 million, the new company currently plans to sell automobile insurance only, confining its activities to Tennessee for the present.

### Title Is Shortened

Consolidated Mutual of New York is the new title of what was known as Consolidated Taxpayers Mutual.

American Reinsurance has declared a dividend of 30 cents a share payable June 14 to stock of record June 4.

### Good Word from Press

New York Times this week paid tribute in an editorial to the work of Assn. of Casualty & Surety Companies through the Center for Safety Education at New York University in sponsoring adult driver education, as well as high school driver education.

"No one who does much driving will deny that better skills and better ideas of sportsmanship and individual responsibility on the road are badly needed by a large proportion of adult drivers. Their training is a phase of the highway safety program worthy of intensive cultivation."

Interestingly enough, in the same issue of the Times, appeared a letter from a reader advocating the uprating of drivers with accident records, so that accident free drivers may enjoy a lesser rate. The detail of the suggestion follows rather closely the demerit rating plan now being considered by insurers.

### Adjuster for Hartford Group

John F. Jandro has joined Holloran & Lundquist, managing adjusters, who operate the northwestern claim department of the Hartford group at Minneapolis, as an adjuster to travel Minnesota. He is an army veteran and a graduate in economics and accounting of St. Thomas College.



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## WORKMEN'S COMPENSATION

### Blanket Mining Plant 'Comp' Measure Draws Mich. Fire

LANSING, MICH.—A bill already passed by the Michigan senate to legalize writing compensation coverage on a blanket basis for the contractor and subcontractors on a huge Upper Peninsula mining development is drawing strong fire from Michigan Assn. of Insurance Agents and the Michigan department.

The bill was introduced by Sen. Leo Roy, Hancock agent and chairman of the senate insurance committee, and its text was substituted for another compensation bill that had been stranded in the senate labor committee when the legislature's active phase ended more than a month ago. This substitute bill was reported favorably and passed by the senate under rules suspension.

The lawmakers are returning to Lansing this week and it is expected a hearing will be held on the bill by the house labor and insurance committees, at which the agents' association and the department probably represented, along with the companies.

The measure would permit writing a single policy covering the \$57 million White Pine Copper Co. ore development in Ontonagon county which is expected to employ more than 1,200

persons. Some 50 or 60 subcontractors probably will be involved. Senator Roy told his colleagues that, because of the scope of the project and its isolated location, writing separate policies for all of the contractors concerned would be excessively complicated and that sanction of a blanket policy would permit a single compensation claim agent, medical service and safety facilities to be operated at the development site. He contended this would provide more efficient service for both employers and workmen.

The Michigan association sent out a special bulletin on the measure, which quotes the department as entertaining "serious objections to this legislation." It is noted that it would be special legislation benefiting a chosen few; would result in cancellation of many existing policies of subcontractors who probably have been carrying their own coverages; would be in conflict with "established public policy" under which the code and other statutes contain prohibitions against creditors coercing debtors in the matter of insurance placement, and it might be in violation of a trade practice act enacted by the Michigan legislature in 1948.

Ted and Verne Lessard are establishing a local agency at Port Townsend, Wash. It succeeds C. W. Pederson Realty Co.

### Oppose Va. W.C. Rate Boost

RICHMOND, VA.—Virginia Manufacturers Assn. at a hearing here asked Virginia corporation commission to deny a proposed 22.1% increase in workmen's compensation insurance rates. The association contended that an increase of 7.6% would be sufficient.

Workmen's Compensation Insurance Rating Bureau of Virginia stated that it will take an increase of 11% only to take care of the increased benefits approved by the 1932 legislature. The remainder of the increase, according to the bureau, would go to pay the 3% tax levied for the support of Virginia industrial commission and to provide a profit.

William Leslie, Jr., assistant manager of National Council of Compensation Insurance, asked the commission to fix a .585 loss ratio and to put into effect a 2.5 profit and contingencies factor. The loss ratio in Virginia for the last half of 1931 was .622, he said.

### Probe O. Comp. Commission

Proposals for improving alleged inefficient administration of Ohio's monopolistic workmen's compensation system were advanced at hearings at Columbus last week of two subcommittees of Ohio program commission. Their investigation of the state industrial commission was approved in a resolution adopted by the Ohio legislature.

George L. Coffinberry, former commission chairman, asserted that the commission has been "starved financially," and implied that rates should be increased. Others testified that the commission's salary scale is too low, causing a high turnover of employees. One suggestion made was that cost of administering the system be paid out of the insurance fund instead of the state's general revenue fund.

### Plan Missouri U. Short Course

B. G. Gregory, executive secretary of Missouri Assn. of Insurance Agents, conferred at Columbia with the staff of Missouri University's school of business and public administration regarding the presentation of a short course in insurance. The university authorities have indicated their willingness to cooperate in such a course.

## ACCIDENT

### Merriam Portland President

George R. Merriam of Cosgrove & Co. has been elected president of Portland (Ore.) Assn. of A. & H. Underwriters. E. J. Coffey of the Harry K. Coffey & Associates agency of Mutual Benefit A. & H., was named vice-president and Harry E. Trueblood, Northwest Accident & Health, reelected secretary. James S. Vincent, Washington National, retiring president, was elected to the board.

### To Study Cal. Health Covers

Asa V. Call, president of Pacific Mutual Life, has been named chairman of a special committee of California Chamber of Commerce to survey the status and availability of voluntary health insurance in California.

The study will determine how many Californians are insured under privately financed voluntary health insurance and what protection their coverage affords.

To develop facts, questionnaires will be sent to insurance companies, hospital and medical service organizations and fraternal organizations offering prepaid medical insurance. Forms also will be sent to representative employers to ascertain the extent to which individuals are taking advantage of available protection.

### Archer N. Y. Club Speaker

A. & H. Club of New York at its dinner meeting at New York City June 12, will hear Dr. H. M. Archer, former head of Aetna Life's accident department and now honorary commissioner of the New York City fire department.

### Confer with Motor Carriers

Representatives of Texas Motor Transportation Assn. conferred with insurance company representatives at Austin on workmen's compensation rates and accident prevention methods.

Attending the conference were J. D. Wheeler, director of the workmen's compensation section of the casualty division, and Angus McDonald, casualty actuary of the Texas department.

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## DEATHS

(CONTINUED FROM PAGE 13)

had been in active service. He was preparing to go to Florida for a fishing trip and first went in to St. Luke's hospital for what he thought was a minor condition.

Mr. Kadyk was born at Fulton, Ill., and graduated at University of Illinois in 1919. He was in the same fraternity with Duncan Lloyd of the law firm of Lord, Bissell & Kadyk, and it was that contact that eventuated in Mr. Kadyk's going with the firm later. He graduated in law at the University of Illinois in 1922 and then became city attorney at Aledo, Ill.

He became assistant attorney general of Illinois in 1925 under Oscar Carlson. He was shortly assigned to the insurance department and over the years became well and favorably known to insurance people. He handled a number of important cases including the Peoria Life receivership. He went to Lord, Bissell & Kadyk in 1936. He had a prominent part in fashioning the present Illinois insurance code.

He handled the case that was brought in 1938 by a large number of the American surety companies to oust London Loyds from Illinois, a favorable decision for Loyds being given in 1943. He was a former chairman of the insurance section of Illinois Bar Assn. He had served as president of Springfield Civic Club Council and he was a director of Central Standard Life of Chicago.

**ROBERT T. CREW**, 65, former Ohio superintendent of insurance, who was a director of Ohio State Life, died in Grant Hospital at Columbus. He had suffered a heart attack while in Florida and had been flown home. He had not been in good health for six months. At the time of his death Mr. Crew was vice-president and trust officer of Ohio National Bank. At one time he was active in politics and in his early days was in newspaper work at Zanesville and Columbus.

**MELZAR P. HAGGARD**, 81, one of the founders of Druggists Mutual of Algonia, Ia., died at his home of a heart attack.

**F. CHARLES McDIARMID**, 64, retired western department superintendent of Aetna Fire's automobile department, died at Chicago. He started with Aetna as automobile superintendent in 1924, a job which he held until his retirement in 1949. One of his sons, James F., is with the automobile department of Aetna-Century.

**GEORGE A. WILLIS**, 76, secretary-treasurer of Erie County Mutual and Harbor Creek of Erie, Pa., died there of a heart attack.

**J. H. BRENNKE**, 49, local agent at Marshalltown, Ia., died of a cerebral hemorrhage.

### English Underwriting Based on Judgment, Not Regulation

(CONTINUED FROM PAGE 1)

a policy so that it covers every conceivable circumstance connected with the risk so that each side has a clear and distinct contract setting forth exactly what is and what is not covered. Consequently, an insurer in settling losses must do so in the spirit of having a warm, human interest in the misfortunes of insured, except only where it is convinced insured is acting in a dishonorable manner.

#### Individual Knowledge

English insurance also is free of regulation and rate making. It prefers to rely on individual knowledge of risks rather than upon massive columns of statistics.

When a risk comes in from an American broker, the information is condensed briefly by the London broker on a small piece of paper known as a "slip." It was the practice of using these slips that earned brokers the name of underwriters, for when the slip is presented by the London broker, the insurers' accept-

ance of it is written under the details it contains. The slip is concise and free from clutter. For additional information the underwriter asks a few questions. Then if he wishes to accept it, he quotes the rate and the conditions under which he will underwrite it, or he rejects it out of hand. If he accepts the risk, the underwriter signs his name indicating the proportions he is willing to assume. The broker then sends a cover note to his American broker who issues a certificate to insured.

There are no "whereases" or "whereinbefore" to contend with. The understanding between underwriter and London broker is clean and clear.

After the leading underwriter signs the slip, the broker submits it to other underwriters who, if they have confidence in the leader in this particular matter, and if their own judgment concurs, sign their names, accepting additional proportions of the risk until the full amount is underwritten.

Freedom to use judgment on all risks is the principal difference between the way insurance is conducted in Great Britain and in the U. S., he said. Underwriters and brokers do not have to worry if acceptance of the risk at a certain rate conflicts with an act of parliament adopted 100 years before. This is insurance in its most simple and reasonable form, he declared.

### Okla. Statistical Hearing

Oklahoma Insurance Board will hold a hearing June 13 on the filing of statistics for workmen's compensation in that state. Last year the board indicated that it would like to see and review the statistical data National Council on Compensation Insurance uses for rate making purposes but that to do so seemed impractical since it required shipping a mass of records from New York to Oklahoma City. The council suggested it could make copies of such statistical data available through Oklahoma Compensation Bureau. The hearing is on this subject.

### Honor Schaller at Detroit

Robert T. Schaller, Detroit manager of National Surety, was honored at a luncheon given jointly by Casualty & Surety Executives Assn. of Michigan and Surety Assn. of Michigan. Fifty-five well-wishers were on hand and presented him a pen and pencil set.

Mr. Schaller, who is immediate past president of both associations, will assume his new duties as resident vice-president of Continental Casualty in charge of fidelity and surety operations covering the eastern seaboard, July 1.

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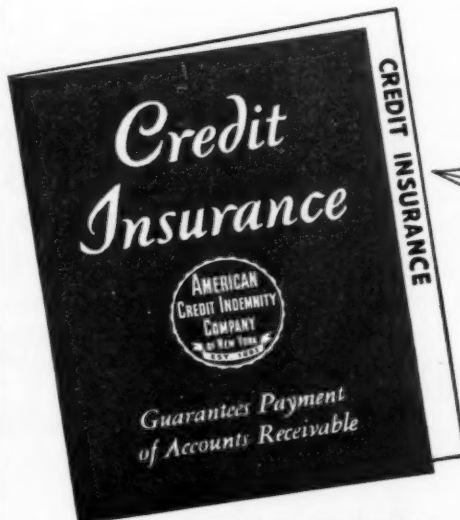
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## VIRGINIANS HEAR SCHIFF

## Cumulative Liability for Fidelity Would End in Stinted Reserves, Under-Insurance

Two salient reasons why it would be detrimental to assured to rate and sell fidelity bonds on a cumulative liability basis were advanced by William J. Schiff, assistant secretary of Indemnity of North America, at a meeting at Richmond of Casualty & Surety Underwriters Assn. of Virginia.

According to Mr. Schiff, the most important reason why bonding companies cannot assume cumulative liability in the commercial and financial institution field is that any one company would find it impossible to properly and adequately set up reserves to take care of the potential hazard. Under-insurance was the second reason cited. Even without encouragement of cumulative liability, he said that records show American business today needs larger fidelity bond amounts than it is purchasing.

## Points to Various Views

In explaining cumulative liability, Mr. Schiff said that it appears in most cases where a bonding company is sued the insured feels he is buying "new" coverage every time he pays a premium, up to the limit of liability stated in the bond. Even this point of view takes two

paths, he went on. Some hold the accumulation piles up the amount so that a single theft would be covered to the total of accumulated liability. The majority, however, argue that cumulative liability simply means that a continuing loss from year to year should be covered for the amount sustained in each year up to the bond amount for that year. Under this view, he pointed out, there could be a sizable accumulation of liability beyond the bond amount. Because almost all fidelity losses are executed over extended periods of time, he said, this view would fit many, if not all, losses.

Though many dissenting opinions have been handed down, the courts have interpreted the usual "non-cumulative clauses" as meaning that annual or term premiums do not result in a series of separate contracts, Mr. Schiff said. Generally, the question of cumulative liability arises when the amount of liability, as stated in the bond, is too small to cover the entire loss. If a loss for \$10,000 is discovered on a bond for \$100,000, the insured is not unhappy. The trouble arises when the bond is for \$10,000 and the loss for \$100,000. It is

then that vilification of the bonding company comes forth from the courts.

From many court cases reviewed, Mr. Schiff said it seems clear that effort is made to strain policy language toward providing enough insurance so that the insured will suffer no loss. In considering various objections voiced by the courts, the speaker said among the most popular is the one holding that a premium is paid for each year the contract is in force, and hence there should be a new contract annually. He confined his discussion to a blanket position bond, for which insured pays the premium annually, and said that this contract is unlike an automobile policy which must be renewed by the issuance of a new contract at expiration. There can be no inadvertent lapse of the contract while an employee steals from insured. When a new premium is paid, therefore, insured is not getting a new deal, nor a new amount nor an overlapping of amounts.

Another court objection cited by Mr. Schiff holds that if a loss extinguishes the liability, leaving no possibility of protection in the future, the bonding company might be accepting a premium and yet offering no coverage. Underwriters freely admit, he said, that a loss occurring in the first year of a bond would reduce the bond penalty by that amount even for subsequent years. The whole controversy, he emphasized, revolves around the undiscovered loss. Once a loss is discovered, the embezzler is through. At this point the prudent insured has no further risk and the bonding company has no continuing hazard, as to that employee. As to the other losses, though the whole bond amount has been involved, it is not even reduced by the discovered loss. Protection is preserved intact at no additional cost to insured.

## Gets Continuing Coverage

Where a loss remains undiscovered during subsequent years and the embezzler got away with the full amount of the bond in the first year, insured still has paid for and received two very important things from his bond, Mr. Schiff declared. First, he paid for the privilege of discovering the dishonesty years after it was started and, secondly, he paid for continuing coverage on every other employee. He said a very important advantage of bonds of this sort is the fact that they remove the difficulty experienced by the obligee of proving when the defalcation occurred and against what period of the contract it should be charged.

Most court cases up to now revolved around small amounts of primary liability such as \$2,000, \$5,000 or \$10,000, Mr. Schiff said. Noting that there are a great many contracts outstanding in the amount of \$1 million or more, he wondered whether a company should be made to pay \$10 million on a \$1 million bond that had been in force for 10 years.

A company, he said, must measure its exposure on any one risk. The underwriter is called upon to decide how

much he is willing to write, based on the financial capacity of the company to assume such loss. An underwriter assuming a risk for \$1 million must know in advance that he cannot become involved for an indeterminable amount of loss in the future. To face a loss which might be measured by the bond penalty multiplied by an unknown number of years doesn't give the underwriter the knowledge needed for fixing his line of net retention. Cumulative liability would produce this confusion. If this principle became established, companies would be obliged to reinsure the larger bonds almost to the vanishing point, or maybe run the risk of insolvency in a period such as was experienced during the years 1930 to 1933.

The reason such cases go to the courts at all, Mr. Schiff continued, is because insured did not buy a bond large enough to cover the whole loss caused by one dishonest employee. Instead of solving this problem, he said, the device of "cumulative liability" would simply lure the client into a false sense of security.

## Ill. Farm Agents' Program

The program is announced for the annual meeting of Illinois Farm Insurance Agents Assn. at Jefferson hotel, Peoria, June 26. Following a welcoming talk by the president, Bert L. Chapman of Cerro Gordo, and committee reports, Robert H. Ramsey, Peoria manager of Travelers, will give a talk on matters of interest to agents and there will be speeches by George E. Mercer of America Fore on "Adjusting Hail Losses" and by H. K. Scott, farm superintendent of Aetna Fire, on "A Review of Farm Underwriting." Following the luncheon, Kenneth B. Cohee, midwestern agronomist of E. Rauh & Sons Fertilizer Co. of Indianapolis, will speak on "Today's Challenge to Americanism and Free Enterprise."

Virgil C. Roberts of Arcola, is vice-president and W. R. Stoutenborough of Maroa, is secretary.

**MRS. RENA STRICKLER SCHILLING** died Monday at her home at Evanston, Ill., at the age of 61. She was the widow of William O. Schilling, vice-president of U. S. F. & G. and Chicago manager, who died a year ago.

**CHARLES S. ASHLEY**, who retired in January as resident vice-president of Maryland Casualty at New York, died Monday at New Bedford, Mass. It was in that city that he entered the insurance business in 1910 with the agency that had been founded by his father, Charles S. Ashley, Sr. He had attended Colorado School of Mines and M.I.T. In 1928 he was named resident vice-president of Maryland Casualty at St. Louis, then in 1934 he was placed in the New York position that he occupied at the time that he retired because of the condition of his health. He was a former president of New York Casualty & Surety Club, and former chairman of insurance section of New York Board of Trade.

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## Downing

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### McClung Smith Assistant Superintendent of Agencies

McClung Smith, who has been assistant manager of fidelity and surety lines of Travelers at Chicago since 1943, and has been appointed an assistant superintendent of agencies at the home office. He joined Travelers in 1940 as assistant manager of fidelity and surety lines at Kansas City.

### C.P.C.U. Hears Berkson

Chicago C.P.C.U. chapter at its June meeting heard a talk by Sheldon Berkson, president of First Appraisal Co., whose subject was "The Need For and Method of Insurance Appraisals."

### Downing Fort Worth Chief

Walter L. Downing, an associate of Melvin J. Miller, former N.A.I.A. president, in the DuBose, Rutledge & Miller agency, has been elected president of Fort Worth Insurance Underwriters Assn. Floyd Sweet is vice-president and Claude L. Webster, who also is assistant secretary of the Texas association, reelected secretary.

### Moberly Agents Elect

W. A. O'Keefe has been elected president of Moberly (Mo.) Insurance

Agents Assn. Frank Harvey is vice-president and P. K. Weis, Sr., was reelected secretary-treasurer.

### Surplus Line Annual June 24

The annual meeting of Surplus Line Assn. of Washington has been set for June 24 at Seattle. Thomas Telfer of D. K. MacDonald & Co. is chairman.

### Hibbard Joins Saval

BOSTON—Edgar E. Hibbard, formerly for 19 years with Hartford Accident, has joined the Maurice H. Saval insurance organization. He heads the newly created automobile underwriting department of Maurice H. Saval, Inc., in Boston, American Universal in Providence and Newfoundland American in Montreal.

Mr. Hibbard served in the home office underwriting department of Hartford Accident for 10 years before the war. After his return from military service he was placed in Hartford Accident's agents' service department in the New England branch at Hartford and became head of its automobile division.

### More Space for Ky. Farm Bureau

Kentucky Farm Bureau Mutual and Kentucky Farm Bureau have outgrown an office building erected about six years ago at St. Matthews, east of



Melvin E. Biddle (right) of Anderson, Ind., Congressional medal of honor winner, talks with Jesse W. Randall, president of Travelers. Mr. Biddle, who operates the Biddle agency at Anderson, was a member of a recent class at Travelers home office school for agents. A member of a parachute infantry regimental combat team, he was decorated for action during the Battle of the Bulge. Mr. Biddle also holds the Belgian Croix de Guerre with palm and is a Chevalier of Leopold III.

Louisville, and will erect a two-story brick addition to cost \$115,000, which will increase floor space by 50%.

### NEWS BRIEFS

H. C. Klein, secretary New York Underwriters, is convalescing from an operation at his home in Dobbs Ferry, N. Y.

Michigan 1752 Club will hold its June outing at Spring Lake Country Club near Grand Haven. Golf and lake cruises will be featured attractions.

A new corporation, Trailer Homes, Inc., has been formed at Grand Rapids, Mich., to conduct an agency business. James M. Crosby, Jr., prominent local agent and former president of Michigan Assn. of Insurance Agents is an incorporator.

National Bureau of Casualty Underwriters has elected Birmingham Fire of Pennsylvania to membership; thus 147 companies now comprise the membership.

Vermont Insurance Women reelected Mary Tucker, Montpelier, president at the annual meeting at Barre. Alice Wimet, Pittsford, was reelected vice-president, and Frances Sawyer, Rutland, was named secretary.

Leonard J. and Edith M. Noonan have purchased the W. A. Dallmeyer agency at Jefferson City, Mo., which they had been managing since 1923. They have changed the name of the agency to Noonan & Noonan.

Insurance Women of Racine, Wis., have elected Mrs. Carol Mahnke, president; Miss Angie Mastous, vice-president; Miss Catherine Prieskorn, secretary; Miss Betty Nelson, treasurer.

Insurance Women of Dayton (O.) have elected Gertrude Dill, president; Mabel Slonaker, vice-president; Norma Bonham, recording secretary; Verna Jakutis, corresponding secretary, and Violet Gilcher, treasurer.

Harry Stuth, president of Corpus Christi (Tex.) Insurance Exchange, in-

stalled the new officers of Insurance Women of Corpus Christi: Miss Nina Nolen, Swantner & Gordon, president; Mrs. Annie Shaw, Shaw agency, and Mrs. Rheda Ward, W. H. Cousins general agency, vice-presidents; Mrs. Gussie Ellison, J. Beard agency, and Mrs. Frances Higgins, Swantner & Gordon, secretaries; Miss Alice Surovik, G.A.B., treasurer.

Miss Alberta Moore has been elected president of Insurance Women's Club of Oklahoma City; Miss Jessie Voss and Mrs. David S. Daugherty, vice-presidents; Mrs. Sadie Hanson and Miss Erma Lou Kaserman, secretaries. Mrs. Irene Cox and Miss Moore were named delegates to the National association.

New officers of Insurance Women of Galveston, Tex., are Mrs. Mary Harbuck, Wimberly agency, president; Mrs. Virginia Milam, Sunseri agency, and Mrs. Dorothy Costabile, Harry agency, vice-president; Miss Angela Giuliani, Juneman agency, treasurer; Mrs. Wilma Mueller, Wimberly agency, and Mrs. Evelyn McNeel, American Indemnity, secretaries. Miss Natalie Owen, past president of Federation of Insurance Women of Texas, was installing officer. Dr. Stephen Lewis of the John Sealy Hospital discussed "The Doctor and Insurance Claims."

Insurance Women of Alabama have elected Mrs. Louise H. Duddy, president; Mrs. Sara McEwen and Miss Nellie Smith, vice-presidents; Miss Aileen Woodward and Miss Ellen Simonton, secretaries; Mrs. Irene Dumas, treasurer.

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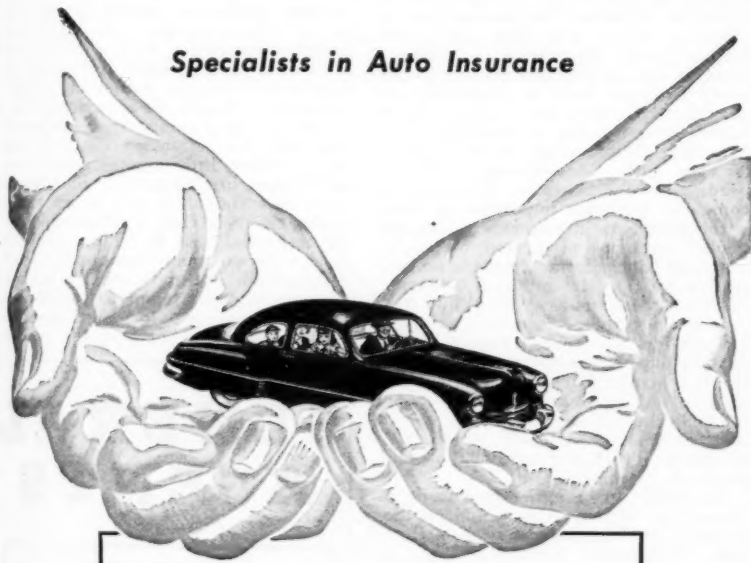
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### HIGH SPOTS IN HISTORY

### 38: MONTANA



**CUSTER'S LAST STAND**

On the Little Big Horn River in 1876 the Sioux Indians wiped out General George Custer and all his men.



**THE NEW TRAIL**

A new cut-off trail was blazed by John Bozeman in 1864. The coming of miners on this road led to Indian wars.

### ALSO A HIGH SPOT . . .

. . . among insurance agents is the service of these great companies. They know they get speedy, efficient service . . . claims are paid promptly . . . and they get constant home office co-operation. That's why the trend is to Hawkeye-Security and Industrial.

**HAWKEYE-SECURITY INSURANCE CO.  
INDUSTRIAL INSURANCE CO.**

Des Moines, Iowa



## Allyn Assails 3½% Profit Formula

(CONTINUED FROM PAGE 15)

ably, the return on these investments will be commensurate with the risk involved and will depend on the investment policy followed, a function of company management.

The profits arising from the investment of funds held as a consequence of underwriting activities (premium collected but not yet disbursed through payment of claims and expenses) presents what appears to be a slightly different problem. It is contended by some that these earnings should be considered as a function of ratemaking. The theory appears to be that since the funds invested are obtained by reason of the underwriting activity of a company, and, since in the event of policy cancellation, these funds are subject to return to the policyholder, any earnings from this source should be taken into consideration in the determination of the rate charged the policyholder. Studies have been made to attempt to measure the amount of earnings from this source.

Studies which have been made have necessarily been based on broad assumptions such as the average length of time these funds are held before disbursement, the percentage of these funds actually invested, and the average rate of return on these funds actually invested. Variations in conditions in industry resulting from changes in the economic situation, the adequacy or inadequacy of rate level, and many other factors cause fluctuation as respects these factors, so that any attempt to precisely evaluate them is practically impossible. Also there are elements in the calculation necessary to accurately evaluate these factors which would materially vary with different companies, depending on the operation policy of the company, the most important of which is the return on investments of the particular company predicated on its investment policy. In fact, there is no compulsion on the part of these companies to invest these funds at all. While these funds belong to the insurance company, nevertheless they are subject to the contingency of repayment and if invested the risk involved in the investment falls directly on the company and not upon the policyholder. It is therefore recommended that no attempt be made to recognize investment earnings of these funds in ratemaking.

The profit to be anticipated from underwriting activity (pure underwriting profit) should have some relation to the risk to invested capital and surplus funds and should not be measured by so-called "stockholders equity." Important factors which determine the risk involved include the ratio of the amount of premium written to invested capital and surplus funds, and the relative potential of underwriting profit or loss in the casualty insurance operations.

The ratio of premiums written to capital-surplus fluctuates from year to year and varies widely from company to company. Therefore, to use an average ratio would only give a base of measurement which is unstable and which will continuously shift. Furthermore, to set up as a basic premise that the more restrictive a company is with regard to its premium writings as related to its invested capital and surplus funds, the more profit it should be entitled to make places a substantial reward on the contraction by a company of its facilities in providing an insurance market, which clearly is against the public interest. The sub-committee has also concluded to all intents and purposes that a company during the period of its expansion which has tried to meet the market demands and has suffered reverses with consequent depletion of its resources, is not entitled to as much profit as the company which is not meeting its obligation to the public in an expanding market. With the tremendous variations which exist in the casualty field, as respects capital funds and the premium writings, it seems clear that the only sound method of determining the profit loading in the

rates is to have it expressed as a percentage of premium.

In examining the relative profit position of the casualty business, stability of experience cannot be overemphasized. When examining past records, there is sufficient evidence to indicate that there has been far more stability in the underwriting outcome of other lines of insurance than that of several important lines included in the casualty category. Here we have the real element of risk to capital funds—uncertainty as to results. The prudent investor demands greater stability as respects expectation of profit before risking his capital in such enterprises, and public interest requires the stability necessary to protect the solvency of companies. It is believed that, if an examination is made regarding stability of underwriting results in other insurance business, as compared to the important casualty lines, consistency of profit potentialities seems to favor the fire insurance business. From this point of view, it appears reasonable to contend that casualty insurance is entitled to at least the same 5% of premium opportunity for profit and contingencies.

The sub-committee results are based on the premise that the total return (investment and underwriting combined) on capital and surplus used in writing casualty coverages should be the same as for fire coverages; also that since casualty companies had a higher rate of investment earnings on capital and surplus than fire companies the casualty companies should be restricted to a lower rate of earnings from underwriting, and that although casualty companies utilize their capital more extensively than fire companies the casualty companies should earn a lower rate of return on their capital from underwriting activities. Also Mr. Allyn concludes that with so many companies today writing both fire and casualty business, the committee's attempt to categorically separate these two forms of insurance does not appear to be basically realistic.

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Phone Acoma 2811**

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### KENTUCKY

**Bradshaw & Weil General  
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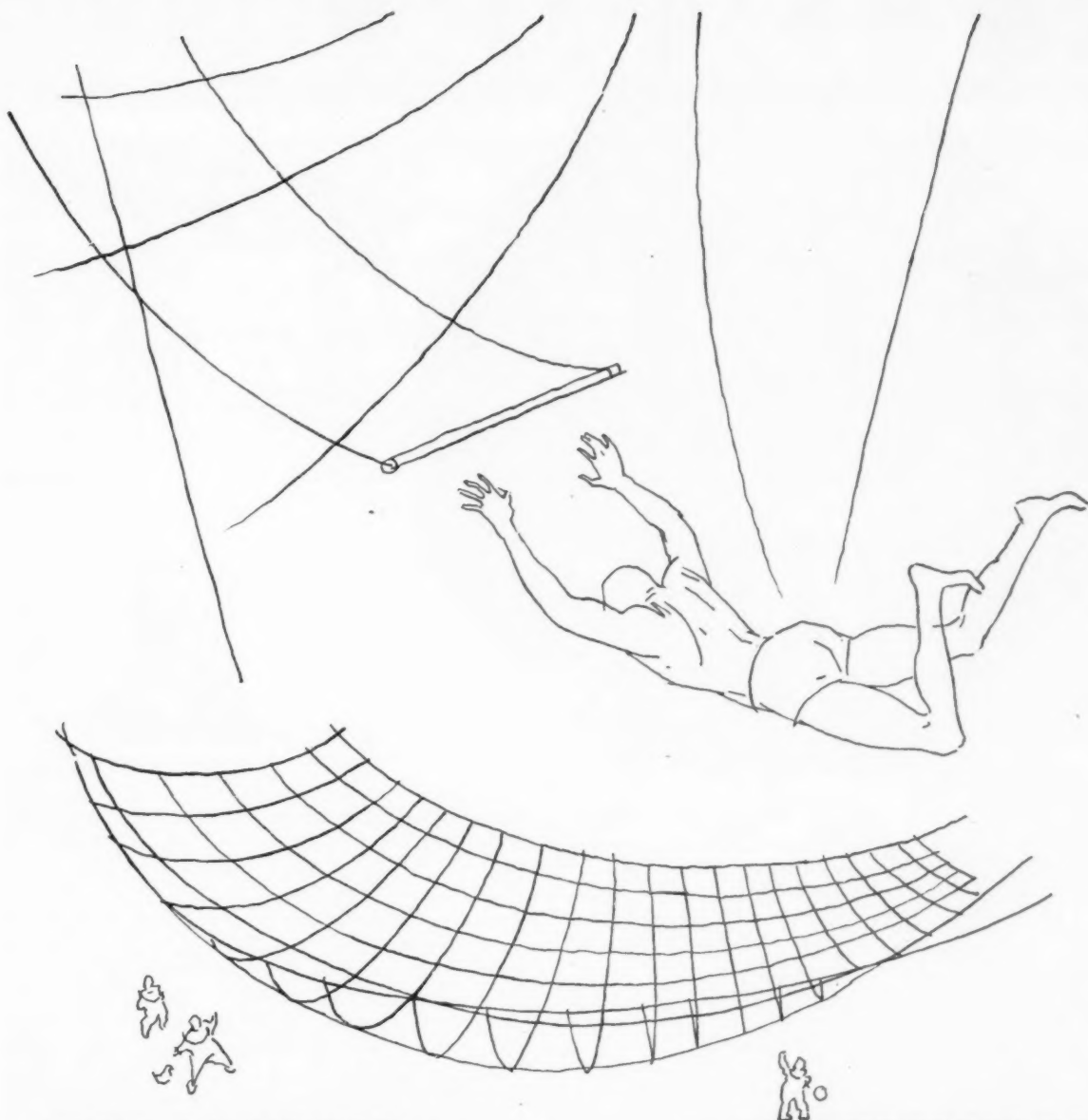
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others can injure a thriving business permanently. Explosions, windstorms, fires, or other disasters can very often be the cause of business bankruptcy.

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F A M O U S A M E R I C A N H O M E S



# The Octagon

*The Haunted  
White House of 1814*



Colonel John Tayloe

At the urging of his intimate friend, George Washington, the wealthy Virginian Colonel John Tayloe decided to build in the new city on the Potomac. As architect he chose Dr. William Thornton, designer of the Capitol. Completed in 1800 shortly before the White House, his home was one of the finest in Washington and for many years was a center of social life.

When the British burned the White House in 1814, Colonel Tayloe dispatched a courier offering President Madison the use of his home and accordingly for more than a year the President made The Octagon his official residence. Here he ratified the Treaty of Ghent which formally ended the War of 1812 and here his charming wife Dolly further enhanced the mansion's reputation for hospitality.

Why the house came to be known as The Octagon is an unanswered question. It is not octagonal and obviously was never intended to be. Consisting of two rectangular wings connected by a circular tower, its unique shape is due to its location at the angle formed by two intersecting streets. Opening off the rear is a tunnel, the purpose of which is also an enigma, although according to a discredited legend it once led to the White House.

For years The Octagon has had the reputation of being haunted. Most romantic of its spectral visitors is Colonel Tayloe's daughter. Overcome by grief over her thwarted love affair with a young Englishman, candle in hand, she threw herself down the staircase, and, some say, in flickering candlelight she still appears.

After the Tayloes' ownership ended, The Octagon entered a period of steady decline and was a dilapidated tenement until purchased and rehabilitated by the American Institute of Architects. It has continued under this organization's supervision since 1900. Like the White House whose existence it parallels, The Octagon has recently been renovated and now appears in all its original elegance.



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